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PLANNING FOR

BASIC NATIONAL RECOVERY

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Edited by

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BASIC NATIONAL RECOVERY

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"I believe that Independent India can only discharge her duty towards a groaning world by adopting a simple but ennobled life by developing her thousands of cottages and living at peace with the world." —Gandhiji

NAVAJIVAN PUBLISHING HOUSE
AHMEDABAD

First Edition, Copies 3,000, March 1957
Annas Twelve

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Printed and Published by Jivanji Dahyabhai Desai,
Navajivan Press, Ahmedabad-14

PUBLISHER'S NOTE

This is a collection of articles that appeared in the *Harijan*. Many of them are by its Editor, Shri M. P. Desai, who has re-edited them for the purpose of this compilation. In doing so, he has included a few more from the *Harijan*, contributed to that journal by writers like Shri V. Mehta, Shri M. Frydman, Shri J. Patel, Shri S. N. Agarwal, Shri N. K. Bose. Their names are indicated at their due places in the book. We are indebted to them for the inclusion of their valuable articles in book form here.

The first section of the book is in the form of a detailed review and presentation, by Shri M. P. Desai, of the argument of the book, *Building From Below* published by the A-I. K. & V. I. Board, which is naturally quoted copiously in it. We pay our courtesies to the Board, when issuing it in book form now.

The second section mainly consists of articles by Shri J. Patel. He explains therein the idea of the village development scheme initiated under the auspices of the A-I. K. & V. I. Board. He describes how — on what lines a programme for 'building from below' can be framed and implemented. The Board has undertaken, as we know, to do this work under its Intensive Area Scheme.

The third section touches the problem of method and technique for implementing the programme. Obviously, it is not an exhaustive study. The Sarvodaya Scheme of Bombay State and the C. P. A. and N.E. S. are other ways of village development, which are referred to in a general way in course of the discussion. In this way the section notes the few ways and means for village reconstruction that are in the field of experiment today.

In this way, the book deals with the vast subject of planning for the economic and social regeneration of our country. As is repeatedly said, India mainly lives in five lakhs of her villages. They suffer from abject poverty and have been the victims of criminal neglect for centuries till now. Swaraj means nothing if this does not change. Our countryside must be recovered from this dismal condition. This should be the topmost priority in any of our schemes or plans worth the name. It is a stupendous task, requiring all our ingenuity of socio-economic engineering. If we do this task, then we will have successfully dealt with the devastating social disease of our people — the colossal unemployment that wastes away the very vitals of our socio-economic being. Only thus shall we have done the basic part of the programme of India's national recovery. This only can restore economic health to our people. We hope the book will help drawing our thoughts towards solving this national problem.

Ahmedabad,
19-2-'57

FOREWORD

[As Foreword to the book we reproduce two articles of Gandhiji, bearing on the subject of this booklet. M. P.]

(1)

How Plan for India

Q. The Government has been introducing schemes of industrializing the country for the maximum utilization of her raw materials, not of her abundant and unused man-power which is left to take care of itself as best as it can. Can such schemes be considered *swadeshi*?

A. Gandhiji remarked that the question had been well put. He did not exactly know what the Government plan was. But he heartily endorsed the proposition that any plan which exploited the raw materials of a country and neglected the potentially more powerful man-power was lop-sided and could never tend to establish human equality.

America was the most industrialized country in the world and yet it had not banished poverty and degradation. That was because it neglected the universal man-power and concentrated power in the hands of the few who amassed fortunes at the expense of the many. The result was that its industrialization had become a menace to its own poor and to the rest of the world.

If India was to escape such disaster, it had to imitate what was best in America and the other Western countries and leave aside its attractive looking but destructive economic policies. Therefore, real planning consisted in the best utilization of the whole man-power of India and the distribution of the raw products of India in her numerous villages instead of sending them outside and rebuying finished articles at fabulous prices.

Harijan, 23-3-'47

(2)

India of My Dream

Independence must begin at the bottom. Thus, every village will be a republic or *panchayat* having full powers. It follows, therefore, that every village has to be self-sustained and capable of managing its affairs even to the extent of defending itself against the whole world. It will be trained and prepared to perish in the attempt to defend itself against any onslaught from without. Thus ultimately, it is the individual who is the unit. This does not exclude dependence on and willing help from neighbours or from the world. It will be free and voluntary play of mutual forces. Such a society is necessarily highly cultured in which every man and woman knows what he or she wants and, what is more, knows that no one should want anything that others cannot have with equal labour.

This society must naturally be based on truth and non-violence, which, in my opinion, are not possible without a living belief in God meaning a self-existent, all-knowing living Force which inheres every other force known to the world, and which depends on none and which will live when all other forces may conceivably perish or cease to act. I am unable to account for my life without belief in this all-embracing living Light.

In this structure composed of innumerable villages, there will be ever-widening never-ascending circle. Life will not be a pyramid with the apex sustained by the bottom. But it will be an oceanic circle whose centre will be the individual always ready to perish for the village, the latter ready to perish for the circle of villages, till at last the whole becomes one life composed of individuals, never aggressive in their arrogance but ever humble, sharing the majesty of the oceanic circle of which they are integral units.

Therefore, the outermost circumference will not wield power to crush the inner circle but will give strength to all within and derive its own strength from it. I may be taunted with the retort that this is all utopian and, therefore, not worth a single thought. If Euclid's point, though incapable of being drawn by human agency, has an imperishable value, my picture has its own for mankind to live. Let India live for this true picture, though never realizable in its completeness: We must have a proper picture of what we want, before we can have something approaching it. If there ever is to be a republic of every village in India, then I claim verity for my picture in which the last is equal to the first or, in other words, no one is to be the first and none the last.

In this picture every religion has its full and equal place. We are all leaves of a majestic tree whose trunk cannot be shaken off its roots which are deep down in the bowels of the earth. The mightiest wind cannot move it.

In this there is no room for machines that would displace human labour and that would concentrate power in a few hands. Labour has its unique place in a cultured human family. Every machine that helps every individual has a place. But I must confess that I have never sat down to think out what that machine can be. I have thought of Singer's sewing machine. But even that is perfunctory. I do not need it to fill in my picture.

Panchgani, 21-7-'46

M. K. G.

Harijan, 28-7-'46

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PLANNING FOR

BASIC NATIONAL RECOVERY

UNEMPLOYMENT A SOCIAL DISEASE

In my own mind an idea is growing daily that the yardstick by which one can measure the economic progress of a country is the extent of employment. We have been talking of having a Welfare State. A Welfare State is one where every citizen is a partner, sharing its benefits and responsibilities equally. The citizen must realize that he is actually a partner in the State. People must have full employment. How could there be a Welfare State if people could not get employment? For the unemployed, the Welfare State had no meaning.

The biggest problem before the country is, therefore, unemployment of young men. This question has got to be solved. It is a social disease and it has to be checked and removed.

Some people think that this problem would be solved if the country maintains the present rate of progress. But I feel we have to place a greater emphasis on the question of solving the unemployment problem. Khadi and Village Industries have a great role to play in this sphere of solving unemployment....

The issue, therefore, is not merely the advancement of the cause of Khadi and Village Industries. In it is involved the advancement of the cause of the Nation and the well-being of the people. This should, therefore, be dovetailed into the general planning for the people as a whole.

Jawaharlal Nehru

[From his speech at the inauguration of the A-I. K. & V. I. Board, Bombay, on 2-2-'53.]

SECTION ONE

'BUILDING FROM BELOW'

1

INTRODUCTION

"Building From Below" is the title of a booklet issued by the Planning Wing of the A-I. K. & V. I. Board, Bombay. It is a small book of about 100 pages printed very well on hand-made paper. I commend it to all who seriously think about rebuilding India, free, democratic and peaceful, non-violent, happy and prosperous.

At the present time when we are working under the Second Five Year Plan, the booklet deserves more attention than it has got till now. It is a pity that our planning machinery is too much drawn away by mere monetary and statistical considerations,* to the neglect of some of the basic facts of our people's peculiar situation.

We need to industrialize surely. But the pattern for it should suit our peculiar conditions and it should also meet squarely the problems created by the Western orthodox pattern of industrialism. It will be wrong to copy the latter blindly. The booklet makes a very bold attempt indeed to draw our attention to this great error.

*It will be interesting here to read the following from an article of Dr. Alfred Metraux of the Social Sciences Department of the UNESCO (See *Harijan*, Jan. 9, 1954, p. 358) : "Economists and technicians, because they deal in statistics and handle practical problems, become imbued with an alarming self-confidence. They seldom have any inkling of the relationship that exists between the various institutions of a group and fail to realize that its culture cannot be altered piecemeal."

The error is perhaps due to the hold that the glamour of Western technology has on certain minds, who try to build from above and not from below as it should naturally be. The error is obvious if we look to the history of the development of technology in its homeland, the West.

As we know, the development of what are called heavy or capital-goods industries in Western countries followed in the wake of rapid advance of consumer-goods industries. This way of development secured to these countries a balanced and harmonious economic growth, keeping pace with the employment needs of those peoples and without creating an unnatural or unduly heavy financial burden on them. Rather, as we know, they were imperialist countries exploiting and looting away the cheap resources of backward peoples who had the misfortune to be under the heels of the aggressive and militant West. The educational system of those countries—this also grew along with it and the common man there even culturally got attuned to the new technological order. Industrial cities grew in its wake and there was silently built up an order based on values that came to be inculcated among the people as a result of this new economy and industrial endeavour,—the values that at present go under the name of Modernism.

Shortly, there was socially and culturally no gap nor lag between the people's education and culture and the new imperial economy that they came to have under industrialism.

In India, at present we aim, through the Second Five Year Plan, as if to reverse the historical process noted above and try to impose on our people a thing which is bound to be an exotic and therefore to create an economic and cultural gap over and above a too heavy financial burden. This will again, in a new form, create a difference between the classes and the masses, and thus perpetuate the evil that was born under foreign rule on account of similar socio-economic reasons.

The book under review keenly notes this in its own way and in its introduction remarks that—

> "The scheme of endeavour presented by (it) does away with all artificial distinction between urban and rural areas, towns and villages and makes possible an approach to the poor wherever they are. . . . Technology as such is confined to its due role as a tool and is thus made to serve, rather than be served by, the people. Thus it makes 'building from below' possible and certain and phases introduction of technology with the capacity of the people to absorb it. The programme is essentially based on self-help and therefore does not require for its success foreign technical or financial assistance. It relies on the plentitude of man-power resources in the country and by directing them into productive activity, increases the size of the national income and ensures its equitable distribution."

And it further notes that

> "It ('Building from Below') is not an austerity plan despite its intensive drive for a considerably larger rate of capital formation, because it reconciles effectively the increasing need to save and invest with increasing incomes and the increasing capacity to save and invest."

And a further merit of the scheme is also noted in the introduction that,

> "Above all, it works the system to change the system and relies as much on voluntary acceptance of the need to change as on legal enforcement. The elasticity and informality of approach provide for change that may occur and it incorporates adequate inherent strength to maintain the direction of change. Its division into various stages is thus designed to effect the transition smoothly."

We may note this vital difference between planning from below as against that from above which is the way

accepted today by Government under the adopted slogan of 'Socialistic pattern'.

Harijan, 25-6-'55

II

THE MAIN PROBLEM

Our main problem is immediate removal of unemployment and raising of the level of living of our people through giving them gainful occupation and thus putting increasing purchasing power in their hands. This must be done in a democratic way. Which in a nutshell means that they must come to have increasing economic power also along with the political.

A plan that does not directly aim to fulfil these major aims and help to realize them will not be worth while nor democratic. The most natural and easiest way to secure these aims is to make a plan essentially labour-intensive and not capital-intensive. The second Five Year Plan seems to err here, as can be seen from its pathetic reliance on foreign aid both technical and financial, and the dangerous venture of deficit finance. Such a plan will be having not only cultural disharmony and imbalance of the sort noted at the beginning above, but will also create an authoritarian tendency commonly associated with centralist government or bureaucratic power. As such, the new venture in planning assumes political and cultural values also.*

---

*In this connection, the following observation of the noted historian Toynbee, is worth notice:

"Technology operates on the surface of life, and therefore it seems practicable to adopt a foreign technology without putting oneself in danger of ceasing to be able to call one's soul one's own. This notion that, in adopting a foreign technology, one is incurring only a limited liability may, of course, be a miscalculation. The truth seems to be that

My plea therefore is that the Five Year Plan-frame should be examined from this cultural and political angle also, because it is not a mere economic thing, as is being unwittingly held by many. And in contrast to that plan, let the country and its Government heed to the small little voice of those who stand for truly democratic planning which can and should be from below. This voice today is weak and feeble; but it is, I hold, the voice of the dumb crores of our people as expressed by the Father of the Nation through his idea of decentralized economy of Khadi and village industries, which cumulatively form the largest and the heaviest group of industries of the nation and economically and culturally the soundest and the most attuned to our genius as a people, though almost neglected and undeveloped for the last few centuries.

Harijan, 25-6-'55

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all the different elements in a culture pattern have an inner connection with each other, so that, if one abandons one's own traditional technology and adopts a foreign technology instead, the effect of this change on the technological surface of life will not remain confined to the surface, but will gradually work its way down to the depths till the whole of one's traditional culture has been undermined and the whole of the foreign culture has been given entry, bit by bit, through the gap made in the outer ring of one's cultural defences by the foreign technology's entering wedge....

"The truth is that every historic culture-pattern is an organic whole in which all the parts are interdependent, so that, if any part is prised out of its setting, both the isolated part and the mutilated whole behave differently from their behaviour when the pattern is intact. This is why 'one man's meat' can be 'another man's poison'; and another consequence is that 'one thing leads to another'. If a splinter is flaked off from one culture and is introduced into foreign body social, this isolated splinter will tend to draw in after it, into the foreign body in which it has lodged, the other component elements of the social system in which this splinter is at home and from which it has been forcibly and unnaturally detached. The broken pattern tends to reconstitute itself in a foreign environment into which one of its components has once found its way."

For fuller discussion of this point see Toynbee's article in *Harijan*, 12-12-'53 and 26-12-'53.

III

THE 'B.F.B.' PLAN

(1)

Objectives

Planning presupposes clearly laid out objectives and a pattern to work for. The next thing would be to decide upon a system best suited for their fulfilment. The book *Building From Below*—shortly B.F.B.—in its first chapter discusses this and says:

> "The objectives of economic development and the main principles that should govern all national institutions and their activities in India *are already specified* (italics mine. M. P.) in the Preamble and in the Directive Principles of the Constitution. While the Preamble sets before the country a fourfold objective, the Directive Principles specify the contents of those objectives and the role of the State in creating the operative conditions for their attainment." (*Ibid*, para 1)

Paraphrasing this, the book summarizes the objectives by saying:

> "Thus, while the broad objective of economic development is the progressive raising of the standards of living of the people, the social and economic order through which it is to be realized must be equalitarian in spirit and in fact. Creation of the right social order is, thus, as important as economic progress because the latter without the former is without substance. The effectiveness of an economic system must, therefore, be judged not merely by its productive efficiency but also by its ability to subserve the main social requirements." (*Ibid*, para 4)

(2)

Appropriate Economic Pattern

How can these requirements be met best? Which is—

if there is one—the appropriate economic system for it? The answer given by the B.F.B. plan is:

"The search for an appropriate economic system that will ensure equitable distribution of the benefits of economic progress finds the choice limited to the experience of capitalism and communism. It is not necessary to examine in detail here their respective merits and defects. It is enough to note that the operative pattern in both systems results in a sharp stratification of society—into employer and employee, master and servant, exploiter and exploited, or what you will—with all the consequent inequalities of status and opportunity with their attendant frustrations.

"The more recent attempt to evolve another system to secure for the people the advantages of both and avoid the pitfalls of each, popularly described as the 'mixed economic system' also does not provide an effective alternative. The logic of public ownership in an overall system of private enterprise necessitates, on the one hand, increasing legal prohibitions and controls to demarcate the functions and operational field of the public sector, and public ownership of the means of production and participation in production function, on the other, results in an increase of bureaucratization of services. The original causes that lead to public ownership operate as powerfully as before, till public ownership becomes the principal form in the economy. Mixed economy at present and as it seems likely to develop in the future, thus, fails to satisfy the main need of the country.

"In other words, the known and tried economic systems, either in their approach or in their operative pattern, fail to reconcile economic development with social and economic justice; and, in the context of the serious social, economic and political frustration in the

country, arising from the serious gap between achievements and expectations, the need for evolving a suitable system becomes imperative." (*Ibid*, paras 5, 6, 7)

Thus it rejects not only the two known systems of capitalism and communism, to which all agree, but it also does not accept the "mixed economic system", for which we now use the term "socialistic pattern". And, it cuts a new line best suited to India's conditions. In doing so the approach is not merely economic, but is also social and human, because the real pattern of society we wish to have in India is unique in a way. We aspire for a free and democratic Sarvodaya society, though the B.F.B. does not use that term.

(3)

Essentials of the System

The following are the essentials of the system it suggests for adoption:

"An economic system will be appropriate to India only if it is based on the need to utilize her vast, growing and perishable man-power resources, to acquire all investible capital and build all social overhead capital. To be acceptable, the system must be sufficiently elastic to adjust itself progressively to the country's demographic trends on the one hand, and, on the other, must operate in a manner such that the earnings arising from the productive employment of the entire labour force are equitably distributed among its members. Such a system alone can create the conditions in which capacity to save increases simultaneously with the need for investible funds. In other words, at each stage of its operation, the system must provide the conditions for an equilibrium between demand and supply of capital.

"That this alone is the correct approach to the

evolution of an appropriate economic system for India is confirmed by the growing problem of unemployment. Though its magnitude cannot be accurately measured in the absence of adequate statistical data, and indirect estimates involve many assumptions that are open to question, it is conceded that unemployment not only involves economic waste, but also constitutes a threat to the social and political stability of the country. In India today, there is, in addition to the growing number of the urban educated unemployed, widespread unemployment and disguised under-employment in the rural sector. Calculated on any basis, the combined total of their number would indeed be staggering.*

"An acceptable economic system must, therefore, be orientated towards providing full employment to the total labour force of the country.

"Full employment implies not only the traditional economic concept of employment for the entire labour force, but also the more important social and human significance of employment that engages all faculties of the particular human being in the work assigned to him. In other words, employment needs to be not merely full, but also integral to serve simultaneously a man's individual or personal and economic needs.

*In the absence of accurate statistics of unemployment two different estimates of potential unemployment in the country can be made as working hypotheses, although strict accuracy cannot be claimed for either. The breakdown of India's population by livelihood classes, and the number of the non-earning dependants in the age group 15 to 54, commonly taken as a part of the working force, yields us 8.6 crores as the potential unemployment in the country. Another estimate worked out on the basis of the difference between the total population in the age group 15-54 (1864 lakhs) and the actual labour force employed in the country (1432 lakhs), corrected for disguised under-employment in agriculture at 50 per cent shows 9.5 crores as the unemployed in the country.

"Integral employment, for the purpose of this analysis, may be defined as employment that brings into full and active play all the resources of the individual. It provides full scope for all the aspects of the worker's human nature, such as initiative, enthusiasm, imagination, inventiveness, resourcefulness, perseverance etc.

"In the system of integral employment, therefore, economic development and social progress are no longer two distinct problems, but part of the same problem." (*Ibid*, paras 9, 10, 11)

(4)

Full Self-Employment

Having shown that the main aim, therefore, is to remove unemployment by means of 'integral employment' the B.F.B. says:

"The problem is thus to evolve a form of employment that approaches the worker as an integral human being and seeks to satisfy each of his many needs.

"The only form of employment that engages the man, his faculties and time in integral economic activity and human development is self-employment.

"The largest unit in which self-employment can function without detriment, but with advantage, is the family. The family is a natural multi-purpose co-operative that sees to satisfy the various needs of its members. Family self-employment will, therefore, facilitate the full, productive utilization of the variegated talents of its members, old and young, without in any way damaging the content or significance of self-employment. Moreover, in the process of satisfying the wants of its members, the family provides not only the multi-craft employment but also technical training to the young in accordance with their respective capacity to

absorb it. It provides thus not only integral employment to all its members but creates the conditions for continued progress towards higher levels of production and consumption. Thus a system of multi-craft self-employed families provides both the form and content of integral employment and sets up not only an efficient economic system, but also a significant social order. It is now necessary to examine how it helps to attain economic efficiency and social significance." (*Ibid*, paras 12, 13, 14)

Harijan, 2-7-'55

IV

SELF-EMPLOYMENT

So then, as we saw above, if we should build from below, a plan for such a way of reconstruction should centre round the most important sector of national economy. All else can revolve in its orbit, filling up the picture of an integral and really human plan as contrasted with an economic or mechanical plan with money and machine as its chief instruments. In short, the plan should put all the needs of villages first where most of India's teeming humanity lives in idleness, ignorance, enforced unemployment—partial or whole, squalor, dirt, disease, scarcity of potable water, etc.

The problem thus viewed is not economic or technological, but is pre-eminently human. A plan worth the name must therefore directly touch and tackle it. It must be rooted in the soil of India's peculiar problem and distinct conditions and circumstances. The Five Years Plan placed before the country does not do so. There is much in it which may be termed as wishful planning. It is "to try and reverse the historical process", which is not only an uneconomic proposition, as is obvious from the need of

deficit finance and foreign aid creating an unstable equilibrium and imbalance; but also it is socially bad as it will immediately create more problems than it will solve, if at all any. This is so because of the wrong emphasis it puts on capital-intensive industrial programme. It as if puts the cart before the horse. It mainly takes up questions the rightful place of which is to be round the central question noted above. Therefore the whole picture of the Plan is as if out of focus.. It is like a planetary system in which the sun may be required to revolve round a planet! How else could the framers of the Plan miss to work immediately to rehabilitate and vitalize and develop the main sector of our economy, which is that of self-employment, as the B.F.B. Plan under review here does?

The B.F.B. examines the economic efficiency and social significance of self-employment and describes its virtues as follows:

> "Self-employment does away with the distinction between employer and employee, because in it the owner and the worker of the tools of production coincide....At one stroke (it) destroys (or say minimizes to the least degree) the pernicious money nexus in man's relation with man and effects not only a psychological change to maximize productivity but also a structural reorganization of the economy that ensures an equitable distribution of the benefits of higher productivity." (*Ibid*, para 15)

> "The organizational pattern in this system makes for the early attainment of economy of men, machines, materials and management or the traditional economies of productive organization because the allocation of work between the members of the family is on the basis of their respective capacity, and *economic needs coincide with individual interest and ability.*" (*Ibid*, para 18)

"The social significance of self-employment is twofold: it assures equality of status and opportunity to all and consequently social stability and evenness of social development. In a social order of multi-craft self-employed families, social stratification based on economic inequalities or superiority and inferiority based on employer-employee relationships is not possible. Consequently, social relationships tend to be based on exchange of services, and social interdependence tends to be based on higher intellectual and/or emotional levels. Social justice, equality of status and opportunity and such other goals of social policy become, thus easier of attainment. Moreover, social interdependence based upon non-economic relationships assures maximum independence to the family without damaging the consciousness of its social obligations. Such a society can progress towards higher levels of material comfort without damaging basic, social or cultural values in the process." (*Ibid*, para 20)

"Self-employment makes for the gradual establishment of self-regulating communities and devolution of political power to them is possible and advantageous. Thus, self-employment lays the true foundations of a co-operative commonwealth because it necessitates continuous informal training in the exercise of social and political duties of the individual." (*Ibid*, para 21)

Thus we are shown that to put the self-employment sector as the focal centre of the new Plan is ideally true; and practically it is necessary if we look at our economy as it is today without Western technological bias. The B.F.B. goes into the latter or practical aspect of the question where it examines the employment pattern as it obtains in India at present.

Harijan, 9-7-'55

V

PRESENT PATTERN OF EMPLOYMENT

If we go to examine the employment pattern as it obtains at present, the first important consideration we have to note is the national income pattern as revealed by the following figures*:

Source	Income in Crores
Large-scale Industries	550
Small-scale ,,	900
Agriculture ,,	4800

This shows that agriculture and small-scale industries are the main sources of our national income. Naturally they also employ the largest part of our population. The following two tables are interesting here:

Employment Pattern in India

Table 1

Distribution of India's Population

Category	Lakhs
A. By Region	
(1) Rural	2950
(2) Urban	619
(3) Total	3569
(4) 1 as per cent of 3	82.7
B. By Livelihood	
(1) Agriculture	2491
(2) Non-agriculture	1076
(3) Total†	3567
(4) 1 as per cent of 3	69.8‡

*See *Harijan*, 19-6-'54, p. 125, "Attend the Common Man's Economy First".

†The discrepancy in the two totals is due to the loss of about 2.5 lakh census slips in the Punjab.

‡Source: *Census of India*, Paper No. 3, 1953, Summary Tables I and IV.

"The distribution of population by region and by livelihood classes (Table 1) shows that 82.7 per cent of India's population is rural and 69.8 per cent of it depends on agriculture for their livelihood. The distribution of India's actual working force shown in Table 2 below reflects faithfully the importance of agriculture in India's economic life." (*Ibid*, para 24)

Table 2

Actual Working Force

	Self-Supporting	Earning Dependents	Lakhs Total
Agricultural	710	310	1020
Non-agricultural	334	69	403
Total	1044	379	1423*

The B.F.B. goes into further analysis of employment and says:

"The available classified employment data, set out in Table 3 below show that independent workers or self-employed workers constitute the majority of the labour force of the country. Closer study of the figures shows that self-employment is the dominant form of employment, accounting for 78 per cent of agricultural employment and over 50 per cent in non-agricultural employment. The overall picture, including agricultural and non-agricultural employment but excluding Government services, shows that self-employment accounts for 71.3 per cent of all employment in the country." (*Ibid*, para 26)

*Source: *Census of India*, Paper No. 3, 1953, Summary Table IV.

Table 3

Self-employed Population*

	Agricultural	Non-Agri-cultural	Lakhs Total
1. Self-employed	545	165	710
2. Total productive employment (Incl. of Govt. services)	694	324	1018
3. Total productive employment (Excl. of Govt. administrative services)	694	302	996
4. (1) as per cent of (2)	78.5	50.9	69.7
5. (1) as per cent of (3)	78.5	54.6	71.3†

Self-employment and National Income

"Not only is self-employment the predominant form of employment in the country but also it can be the most important single source of India's national income. In the absence of comprehensive detailed statistical information about the earning of self-employed workers in each sector, it is not possible to measure accurately the contribution of the self-employed sector to the national income. The figures set out in Table 4, based on the assumption that the income for a self-employed person in a sector is the same as the average income per earner in that sector, must, therefore, be treated as the total potential rather than the actual contribution of the self-employed sector. In other words, Table 4 shows that under appropriate organizational and other aids, the self-employed sector alone could have accounted for 49.9 per cent of India's national income for 1950-51." (*Ibid*, para 27)

*The figures of employment in this Table exclude earning dependents and self-supporting persons whose principal income is not derived from actual work.

†Source: *Census of India*, Paper No. 3, Summary Tables IV and V.

Table 4

Contribution of Self-Employment to National Income

	No. of earners (Lakhs)	Income per earner Rs.	Total Income Rs. Crores
1. Agricultural Income	545	500	2725
2. Non-agricultural Income	165	1232	2032
3. Total	710	670	4757
4. National Income	1423	670	9550
5. (3) as per cent of (4)	49.9	..	49.9*

Thus, the B.F.B. plan concludes—

"The analysis of the employment pattern in India overwhelmingly proves that self-employment prevails and is the dominant form of employment in India's economy." (*Ibid*, para 28)

"An important point must, however, be stressed here. The prevailing pattern of self-employment is neither full nor integral. As a result the productivity of the self-employment sector today is inadequate to satisfy its own needs and help create adequate capital to facilitate further economic progress." (*Ibid*, para 29)

"Though the most important, alike in numbers and in total productivity, the self-employment sector today is weak owing to the complete lack of organizational and financial strength. It faces the threat of gradual elimination due, mainly, to the failure of the prevailing economic order to recognize its existence and value. The absence of any scheme for its rehabilitation on the one hand, and constant pressure from the organized industrial and commercial sectors, on the other, its condition today is miserable. This is further accentuated by low productivity due to general

*Sources: 1. Final Report of the National Income Committee, Table 30.
2. Table IV ante

inadequacy of its production tools. Any programme for its rehabilitation is, however, contingent upon the recognition of its importance, and acceptance of its economic viability and inherent strength to initiate and sustain a socially significant pattern of development." (*Ibid*, para 30)

"Thus the chief merit of self-employment at this juncture may be considered its employment potentiality. Of equal economic and social significance is the merit of the self-employment sector to begin contributing to the increase of national income without any time lag, as the nature of the investment in it enables it to go into production at once." (*Ibid*, para 32)

It remains, at the end, to see and examine this proposition in its practical aspect, viz. the scope for this kind of employment in India.

Harijan, 16-7-'55

VI

IS IT PRACTICABLE?

Is it practicable to exploit, to an appreciable extent, the self-employment sector of our economy and secure thereby a sizable programme of economic development? What is, shortly speaking, the scope and capacity of this sector?

The 'B.F.B.' Plan admits that "it is no longer disputed that all industries essential to the continued, independent existence of the State, such as defence industries, atomic energy etc. or to the smooth operation of the economy, such as basic industries, transport and communications, must be either the exclusive monopoly of the State or subject to its control and regulation." (*Ibid*, para 36)

On the other hand it is equally undisputed that, "the self-employed sector can undertake only those lines of economic activity which can be effectively carried on in family

workshops or in small decentralized producers' co-operatives." (*Ibid*, para 37)

What are these? To answer this question the B.F.B. Plan undertakes a detailed analysis of 79 groups of industries to show that "one-half of the existing industries in India are suitable for self-employment, but about 42 per cent of them are better suited for self-employment inasmuch as independent workers in them, despite the various impediments to their successful operation, constitute one-half to four-fifths of the total number engaged in it." (*Ibid*, para 39)

And it concludes that "self-employment can undertake in progressive stages the manufacture of all articles of first necessity, such as food, cloth, matches, medicines, etc. Once this pattern of production has been initiated and enabled to operate to capacity, it may be possible to assign other industries as well without either loss of efficiency or social interest." (*Ibid*, para 44)

But it is careful to note that "how far self-employment can succeed depends, however, upon appropriate policies of the Government, on the one hand, and their readiness to create the necessary executive, managerial organization for its smooth operation. The most important point that needs to be stressed is that the ability or effectiveness of the self-employed sector ought not to be judged by its present operative efficiency but by the efficiency with which its potentialities can be explored and exploited in the interests of economic and social wellbeing of the nation." (*Ibid*, para 44)

What is necessary, therefore, at the present juncture, in the affairs of our country is to base our development plans on the rock-like foundations of our economy, viz., the self-employment sector. It will not only secure for our plans a truly democratic approach but also will immediately help them to raise our standard of living, as the

new wealth created will be distributing itself in a decentralized manner. The plan must assure to these industries demarcated spheres of production so that there is no unfair competition from centralized or capital-intensive industries. The biggest question, therefore, which is before us at present is to decide once for all that mechanized industries cease to compete and gradually wither away in a phased manner in the spheres where home- and village-industries of our countryside, like cloth, oil, food etc., can function. Vested interests of Indian capitalism that are entrenched in them at present will have to show enough patriotism by accepting this unavoidable proposition. Only then can we have full employment and equal distribution with maximum production secured in a democratic way.

Harijan, 6-8-'55

VII

"UNTO THIS LAST"

(1)

Distribution of Income

The second Five Year Plan envisages an increase of about 25 to 27 per cent in the national income during the plan-period. Obviously this increase would not be uniform for different sectors of the economy. The increase in capital-intensive heavy industries will be higher than that in, say, agriculture or small-scale enterprises. The plan calculates that net output per occupied person (at 1952-53 price level) in agriculture and allied pursuits will be Rs. 571, while in mining and factory establishments it will be Rs. 2632, when the total averages to only Rs. 840.

As we well know, averages in such matters do not give a true or real picture. The bulk of the population will not have a really substantial rise in income, thus having less opportunities for a higher standard of living. Social justice

requires that those who are the lowest in this standard must be made the special target for securing to them first a sizable increase, thus assuring to the people a march towards a socialistic pattern of society.

The second plan, being capital-intensive either through State capital in the public sector or through private one in the private sector, cannot do this to an extent utterly necessary for our poor people in the present conditions. Capital, whether in the private or the public sector, will generally behave in a capitalistic manner, thus making the rich richer and the poor poorer.

The 'B.F.B.' plan, in its programme of development, therefore, takes a line quite different from this and directly aims to ameliorate the lowest income groups first and thus takes the way of Sarvodaya, which minds the claims of 'unto this last' first and foremost.

The approach may be shortly pointed out here:

> "The principal objective of a socially significant economic effort is to increase employment because without it the equitable distribution of the benefits of increased production is not possible. Towards this end, therefore, it is necessary to consider not only the productive efficiency or economic capacity of a sector but also the social impact and consequences of its operations. . . .In other words, it is already a generally accepted principle that allocation of productive responsibility to a sector must effectively reconcile economic capacity with social significance."

(2)

Standard of Living

As we already saw, the B.F.B. programme of development is based upon integral self-employed family units or their small co-operatives. Therefore it plans to assure to each family a minimum expendable annual income "capable of sustaining a human standard of living".

The standard of living is concretely defined in a table of annual family requirements, which is as follows:

Annual Family Requirements

Items	Daily Needs	Assumed Value	Total Rs.
A. Food			
1. Cereals	80 ozs.	Rs. 300 0 0	
2. Pulses	20 ozs.	„ 50 0 0	
3. Milk	60 ozs.	„ 180 0 0	
4. Vegetables (green and non-leafy)	40 ozs.	„ 200 0 0	
5. Oils and fats	12 ozs.	„ 350 0 0	
6. Fish, meat and eggs	20 ozs.	„ 450 0 0	
7. Fruits and nuts	30 ozs.	„ 150 0 0	
8. Sugar and gur	20 ozs.	„ 100 0 0	
9. Spices	—	„ 20 0 0	1800 0 0
B. Clothing and other wear		Rs. 250 0 0	
C. Repair and maintenance of houses and buildings		175 0 0	
D. Health and medicine		175 0 0	
E. Old age insurance		100 0 0	
F. Education, books etc.		200 0 0	
G. Entertainment, recreation and miscellaneous		300 0 0	1200 0 0
		Total Rs.	3000 0 0

(3)

Minimum Family-Income

The table "shows that the average annual income per family should be not less than Rs. 3,000. As against this objective, the present average annual income per family in India is no more than Rs. 1320. This level of family income, however, ignores altogether the sharp inequalities of income distribution and consequent wide variations in family consumption standards. Experience of constructive workers as

well as several field surveys show that quite a large number of families in rural and urban areas have average monthly incomes of Rs. 25 and below." (*Ibid*, para 46)

"To assure each family in the country a minimum annual income of Rs. 3000, it is necessary to raise their respective productive capacity by the provision of appropriate and adequate tools of production, enable them to work to capacity through organized assistance to acquire raw materials, to obtain necessary credit and to market their respective output. Assistance would, however, be so designed as to develop self-reliance rather than dependence." (*Ibid*, para 48)

The plan next examines the investment needs for such a line of development and assumes that an "average yield in the ratio of 1:1 over the entire economy may not be unrealistic. On this basis, an annual income of Rs. 3000 per family may necessitate an average investment of Rs. 3000 per family." (*Ibid*, para 49)

And it further says that "a programme of development to be practicable must be made to accord, on the one hand, with the capacity of the country to find the necessary capital resources; and, on the other, with the needs of the people in the lowest income groups." (*Ibid*, para 50)

(4)

Pattern of Income Distribution

To do this, "it is necessary to ascertain accurately the pattern of income distribution in the country, the number of families in the lowest income groups, their present problems and capacities, and initiate a development programme specifically designed to suit them. Such a process automatically divides the given development programme into various stages, spreads the

capital outlay over a period of time and reduces immediate requirements to manageable proportions." (*Ibid*, para 50)

The B.F.B. notes that there is no statistical data regarding the income-wise distribution of families in India. However, from what is available, it gives the following table for it:

Income-wise Distribution of Families

Annual Expenditure Rupees	No. of Families (Lakhs)	Percentage to the Total
Up to 600	163.2	20.4
Between 600 and 1200	249.6	31.2
,, 1200 ,, 1800	168.8	21.1
,, 1800 ,, 2400	83.2	10.4
,, 2400 ,, 3600	76.0	9.5
Over 3600	59.2	7.4
	800.0	100.0

And it bases "the operative pattern of the development programme on the need to raise the poorest families to the next higher level before taking up those in the higher-income groups, as such a pattern progressively enlarges the area of economic and social equality, and as in it priorities are based upon needs and not merely on productivity." (*Ibid*, para 52)

And it phases its whole programme accordingly in suitable stages and works out its financial implications and describes the kind of organization necessary for it. (See Appendix for their summary.)

Harijan, 27-8-'55

VIII

INVESTMENT AND EMPLOYMENT

Among the financial implications of planning the most important and crucial one is the amount of investment needed for it. And it is well known that this amount has some direct bearing on the quantum of employment that is realizable through it. And the ratio and proportion thereof is not the same for mechanized industries and hand- and village- industries. The amount of capital available to a people must, therefore, be utilized to its yielding its maximum employment potential. Looking from this point of view the question of the 'cost of industrial employment' becomes an important consideration. Shri Maurice Frydman examined it in one of his articles in the *Harijan*. A leading article in the *Hindu*, Madras, discussed the question of 'Investment and Employment' (vide its issue of 8-7-'55). Both these are given below.

(1)

The Cost of Industrial Employment

Colin Clark in his book *Conditions of Economic Progress*, 1940, page 389, gives the following relations between capital and real income in various countries. The figures show how many, say, rupees have been invested to create Re 1/- per year income.

Country	*Capital*	*Country*	*Capital*
Arjentina	5.85	Italy	4.36
Sweden	5.65	United States	4.33
Australia	5.53	Canada	4.32
Hungary	5.05	Britain	3.72
France	4.82	Japan	3.57
Belgium	4.66	Spain	3.52
Germany	4.45	Austria	3.50

Since the above figures include taxes, managerial salaries and business profits in income, it can be assumed with

a good degree of certainty that the actual labour income is not more than half of the total income. We can take for granted that in order to create industrial employment, investment from 5 to 10 times the income wanted is necessary.

In other words, to pay a labourer Rs. 1,000/- worth of wages per year the capital invested must be in the order of Rs. 5,000-10,000/- per workman employed.

In self-employment the capital required to make a man to earn a living is about 5 to 10 times less. The following table gives an idea of the relation between capital invested and yearly income of the worker in selected village industries. It was prepared by the Research Institute Committee of the All-India Khadi and Village Industries Board.*

Palm Gur	0.15
Cottage Match (3 Gross/day)	0.23
Village Ghani (groundnut oil)	0.33
Village Ghani (gingelly oil)	0.45
Soap from Non-edible oil	0.39
Village Tanning	0.35
Blotting Paper	2.16

This table shows that only in one case the investment exceeds the yearly income. In all other industries the capital invested is only a fraction of the yearly income.

It stands to reason that in a country where capital is scarce and labour is going to waste at the rate of 30 billion man-days per year home and village industries are India's only practical answer to unemployment.

The legitimate market for village industries are articles of first necessity; food, clothing, shelter, tools, matches, soap, paper, etc., all goods which by their very nature admit decentralization in production and consumption. Adequate legislation, supported by wise co-ordination and technical guidance, will in a short time restore to the

*See *Building from Below*, published by the A. I. Khadi & Village Industries Board.

self-employed sector its task of feeding, clothing and housing the nation.

To argue that the barring of textile, oil and soap, match and brick factories from the internal market will reduce standard of life in the country is based on a fallacy. Steel and coal, hydro-electric power and railway transport cannot be decentralized in the same sense as the growing of food or manufacture of cloth can be. While closing down the blast furnaces and rolling mills will create an immediate and irremediable scarcity of iron and steel, the closing of the textile and oil mills, match factories etc., especially if it is phased over three to five years, will make the country shift to home spun and home woven textiles with nothing more than a small rise in cost to those who will not spin themselves. The rest will have cloth for their spare labour.

With regard to other necessities of life like matches, soap, etc. the prices would not change at all.

But mere price level does not determine the standard of life. It is measured as the relation between real, expendable income and the cost of satisfying one's essential needs. To an unemployed man cheapness does not spell prosperity; without an assured income the price structure means nothing to him. Merely flooding the country with cheap goods will not create prosperity; the purchasing power must be put into the hands of people. This can be done by bringing the producer and the consumer together, which can be done easiest and best in decentralized home and village industries.

The argument that a labour-intensive pattern of production is antiquated and costly cannot be raised in a Welfare State, where the good of all is the primary motive. As long as there is a single unemployed, self-employment in home and village industries is the simplest, cheapest and quickest solution. When all are employed, it may prove the

most economical and stable too, especially if self-employed families join in producers' co-operatives for more complex productive operations.

Harijan, 4-6-'55 Maurice Frydman

(2)

Investment and Employment

A good deal of current discussion about the second five-year period has proceeded on the basis that a certain rate of investment is necessary to bring about a desired rate of increase in employment (and the national income). How speculative some of these discussions are is suggested by an analysis of figures published by the Ministry of Commerce and Industry, summarizing the salient data collected from the Census of Indian manufactures since 1948.

The figures gathered from the censuses for the five years from 1948 to 1952 cast grave doubts on the accuracy of many assumptions regarding the relation between investment and employment.

While the number of registered factories increased from 6,144 to 7,155 between 1948 and 1952, the number which sent in returns increased from 5,690 to 6,470. (The percentage of registered factories from which returns were received, curiously enough, declined from 93 to 90).

The fixed capital invested in the manufacturing concerns increased from Rs. 195.64 crores to Rs. 300.94 crores —a rise of nearly 54 per cent. The working capital employed also showed an increase, the total productive capital employed having gone up from Rs. 482.19 crores in 1948 to Rs. 730.77 crores in 1952, roughly 50 per cent.

That in spite of the increase in the number of factories and the striking increase in the amount of investment, the aggregate number of persons employed should have declined instead of showing an increase is a phenomenon

which calls for study and explanation. The number of workers employed in factories declined from 15,45,655 in 1948 to 14,95,816 in 1952. The number of other employees fell from 1,58,575 to 1,52,627. The total number of persons employed dropped from 17,04,230 to 16,48,443.

Although the number of employed had declined, the total value of wages and other benefits provided to the employees increased from Rs. 165.81 crores to Rs. 200.75 crores. The aggregate ex-factory value of the output also increased from Rs. 953.65 crores to Rs. 1,183.97 crores. The increased value, however, was largely accounted for by the increased cost of raw materials, wages, etc., while the value added by manufacture actually showed a small decline from Rs. 317.34 crores to Rs. 315.03 crores. The value added by manufacture as a percentage of the productive capital naturally shows a steep fall from 53.5 in 1949 to 43.1 in 1952. On the other hand, the value added per person employed shows a sharp increase from Rs. 1,618 in 1949 to Rs. 1,911 in 1952. . . .

If a total additional investment of about Rs. 250 crores in manufacturing industries could take place and still leave the numbers employed in them fewer by 50,000 we shall have to re-examine carefully our postulates regarding the relation between investment and jobs.

[The above is from the leading article of *The Hindu*, July 8, 1955. It amply bears out the commonly held proposition that large-scale or capital-intensive industries tend to increase unemployment though they seem to increase apparent wealth. The new Five Year Plan mainly concerns itself with heavy industries. It is really surprising to see, however, that a claim is made on its behalf that it will create a million jobs and more, unless, of course, what is meant might be that this will be achieved through the labour-intensive industries like Khadi and other village industries. These not only provide massive employment, but also create real wealth and distribute it where it is most needed—a unique feature of this kind of industries. M. P.]

Harijan, 6-8-'55

IX

ROLE OF GOVERNMENT

(1)

Declaration of Policy

In any plan of national rebuilding or development the role of Government is important. And more,—it is necessary to some extent at least. This is true for the plan of 'Building From Below' also, even though it is aimed to base such a plan on self-employment and through multi-purpose co-operative societies of self-employing families "on the basis of their present residence".

Co-operation presupposes willing effort and initiative on the part of the people. It requires a measure of ability and intelligence to work the co-operative organization, which must come forth from the people. Government or any external agency cannot give it. All this is true. However, as the B.F.B. Plan says,

> "In the creation as well as the organization of the institutional framework to guide and direct effective operations of the self-employed sector, the role of the Government is important."
>
> It is needed in the following way: Firstly, there must be a declaration of policy to the effect that "the ultimate goal of the programme of development and of policy is to entrust the production of all articles of first necessity to the self-employed sector in progressive stages in accordance with the growth of its capacity to undertake it." (B.F.B., para 75)

This is necessary to give the nation a sort of an economic or industrial directive regarding the pattern of industrial economy, the people will adopt for themselves:

> "Such a declaration may provide the right incentives, on the one hand, to the self-employed sector to reorganize and equip itself for its enlarged responsibilities; and, on the other, it may persuade the private

sector, faced with ultimate legal elimination from the markets for articles of first necessity, to plan its gradual withdrawal and thus avoid losses. As the self-employed sector does not, however possess the necessary productive capacity, Government must, on the one hand, build up its productive capacity through energetic implementation of the programme, and, on the other, prescribe targets of production to the private sector, so that consumer welfare is not at any time endangered." (*Ibid*, para 76)

(2)

Reservation of Markets and Production

It is well to bear in mind here that such allocation of industrial effort is reserved in favour of articles of first necessity only, viz. food, cloth, etc. It will assure the nation not only expanding employment to the whole of the population, but will also secure maximum production and easy distribution well spread out among the whole population. As the B.F.B. Plan says,

"Reservation of the production of articles of first necessity and development aids in accordance with the programme may together provide the self-employed sector the right type of conditions to sustain itself and progress upwards. Markets for articles of first necessity are large, assured, and in the context of India's population trends, expanding. So long as technological changes are made possible by provision of appropriate tools, wherever necessary, qualitative aspects of the supply of goods may be satisfactorily met." (*Ibid*, para 77)

There will be the further need of Government "measures such as grants, loans and subsidies on the one hand and cesses and reservation of spheres of production on the other." (*Ibid*, para 78). They "emphasize the need for overall economic controls to ensure

the attainment of social objectives. While it is, obviously, impossible to indicate the range and content of separate control measures, an illustration may be provided. During the period of transition, to ensure adequate production of socially essential goods as well as their equitable distribution, on the one hand; and also facilitate the industrial transition in the stages visualized in the programme, on the other; Government may have to devise a number of specific economic controls. The basic policy also necessitates an integrated approach to the economy and consequently requires the Government to adopt policies and controls appropriate to their objectives.

"Overall economic controls are also necessary to provide aids to the multi-purpose co-operatives to discharge their functions effectively. Supply and region-wise allocation of raw materials and credit, the provision of marketing facilities to the self-employed sector through either the multi-purpose co-operative or the grid system according to the programme; implies controls at various stages to facilitate transition and guide development on the desired lines.

"To sum up: the implementation of the programme of development outlined (in the B.F.B., Chap. 5) depends on appropriate policies based on well-defined social and economic objectives. Effective administration of these policies, temporary or permanent, involves an integrated approach to the problems and the introduction of overall economic controls." (*Ibid*, paras 82, 83, 84)

(3)

Peculiar Difficulties

Such a policy of the nation's self-employment economy, specially in the industrial sector, is obviously not free from difficulties and even opposition from vested inte-

rests of organized capitalism in the country. The B.F.B. Plan has noted this as follows:

"The transition in the industrial sector of the economy is, however, likely to present many complex problems and probably also much organized opposition. Two reasons for this exist: (i) Apart from demands for specific reservations of markets or spheres of production and/or cesses and subsidies in specific cases, the new economic order demands wholesale transfer of production of articles of first necessity to the family workshops and thus threatens the existence of many of India's best developed industries. Fight for survival is natural and may be expected to be organized and determined. (ii) Even if the need for such a transfer is conceded the transition to family workshops, it may be held, cannot be easy and in the process may affect the volume and also the quality of the present output. Criticism may raise the bogey that family workshops may not be technically capable of handling specific processes of production. Both these reasons are sound in themselves, but arise from a misunderstanding of the significance of the phased programme of economic development of the family workshops." (*Ibid*, para 87)

"According to the programme, centralized production of articles of first necessity cannot continue in the private sector and will need to be transferred to the self-employed sector. But this transfer is meant to be effected over a period of time, during which the productive capacity of the self-employed sector is to be built up and enabled to undertake that responsibility. Thus, the organized industries are given adequate notice of this intended transfer by Government's declaration of industrial policy, so that they can plan either to split up into decentralized genuine producers' co-operatives or to adjust themselves to undertake alternate lines of production. The gradual withdrawal

of organized industries from the fields of production and sale may be made to synchronize with the gradual advance of the self-employed family sector. If the organized industries accept the inevitable they may be capable of effecting their own readjustment efficiently and without heavy losses. Moreover they may find it possible to play an important and useful role in the development of the family workshops. They may help them with organization, productive techniques or undertake to manufacture production tools or extend to the self-employed sector the advantages of their existing distributive machinery. In any case all that organized industries are required to do is to plan their own withdrawal from the markets for articles of first necessity; and the programme provides adequate time required for the purpose. From every point of view this transfer is necessary and will come. How smoothly structural adjustments are effected depends largely upon the realistic outlook of the industries themselves." (*Ibid*, para 88)

(4)

Co-existence of Various Sectors

The Plan also envisages that there is scope in the new economy for the large-scale private sector also, in the following way, for example:

"Though the programme transfers the manufacture of articles of first necessity, it assigns the private sector an important role in the economy. The nature of the programme involves large scale production of progressively advanced tools of production to supply the enormous market of the self-employed sector. Hitherto, owing partly to the relatively limited market and partly to the longer period of writing involved, the private sector played a relatively minor role in the manufacture of producers' goods. This programme

creates not only demand for these goods but operates in a manner that is bound to enlarge it from stage to stage. As the manufacture of these goods involves not only large-scale capital investment and production but also initiative, enterprise and efficiency it is best suited for the activities of the private sector." (*Ibid*, para 91)

"Once the irritation of the transition ceases, the private sector may also learn to play a more positive role in the organized economy and expand its capacity to absorb newer techniques. As part of its actively altered mode of operations it may associate itself with the self-employed sector, and make available to it the advantages of the strength of its distributive and marketing machinery and help build the grids required by the economy." (*Ibid*, para 92)

A kind of co-existence of the vast self-employing sector with the large-scale private sector is thus possible. It is necessary and inevitable as well, if we wish to see that the whole of our people are to be organized for an economy which is to be co-operative and not competitive, satisfying and not acquisitive or insatiative, and for the good of all and not for even the majority of us, however large it may be.

Conclusion

"The transition of the economy from the present to the proposed new order may be rendered difficult by organized opposition on the one hand, and the number of intricate problems, necessitating proper adjustment between various sectors of the economy on the other. Though complex, most of the problems are not beyond the competence of Government or the existing economic system to solve, provided each approaches them objectively. The guarantee of solution lies, however, in the popular and enthusiastic support that it is likely to evoke in the country." (*Ibid*, para 96)

Harijan, 1-10-'55

SECTION TWO

PLANNING FOR FULL EMPLOYMENT

1

INTRODUCTION

(1)

The concept of planning has so captured the imagination of our people, that, especially since the advent of independence, no serious discussions on political or economic subjects now-a-days take place without a reference to the need for planning our economic life. This interest in planning is not altogether new-born. Mahatma Gandhi's eleven points* may be taken as the basis of the demand for a considered approach to the solution of national problems which subsequently got embodied in the famous Karachi Congress Resolution of 1931. For the first time in our political history, an attempt was made to define our social policy.

When the next stage was reached in the political struggle, and the Congress participated in and won elections, came the opportunity for giving concrete shape to the principles that had been enunciated. This led to the appointment of the National Planning Committee in 1938 under the Chairmanship of Shri Jawaharlal Nehru. At an early stage, this Committee defined the objectives of national planning in the following comprehensive terms: "to improve the well-being of the community, principally

*See his article "Clearing the Issue", *Young India*, 30-1-'30 which enumerated eleven reforms that were put up before the British as our national demand, which might demonstrate, if it was accepted, to the people the earnest of their intentions to grant real independence.

by intensifying the economic development of the community concerned on an all-round basis; in an ordered, systematic manner, so as to observe a due proportion between the various forms of producing new wealth, its equitable distribution among the members of the community and to secure such adjustment between the interests of producers and consumers, individuals and the community collectively, the present and succeeding generations as to maintain a proper balance between these various interests."

We may skip over the intervening period which ended in the termination of foreign domination and the complete transfer of power to the people of the country. The Constitution of India that was adopted in the name of the people defined the fundamental rights and formulated certain directives of social policy. Having regard to these rights and in furtherance of the principles, the Government of India constituted the Planning Commission in March 1950 with the object of drawing up plans for promoting "a rapid rise in the standard of living of the people by efficient exploitation of the resources of the country, increasing production and offering opportunities to all for employment in the service of the community."

The formulation of the Plan and the events that preceded and succeeded its publication are, again, events of recent history on which it is not proposed to dwell here. The plan has now been in operation for over three years and a half, and the first five-year period will terminate in less than a year and a half. On various occasions, the progress of the Plan has been reviewed in official publications and has formed the subject of discussion in Parliament and in State Legislatures. The main advantage of such reviews is the guidance that they afford for our future course of action. It is obvious that planning does not end with the expiry of the five-year period. That represented the first stage of planning. The first Five Year

Plan has to be succeeded by at least two or three similar plans before we can attain the goal that the nation has set before itself.

It is clear then that it is not too early now to think in terms of the second Five Year Plan. The Planning Commission, no doubt, has reconnoitred the ground preliminarily, and it is presumably engaged in estimating requirements and assessing resources. Very appropriately, both the Commission and Government have declared explicitly that the Plan has now to be drawn up from below. That makes for a difference in the approach. The first Plan represented, to a certain extent, the schemes of development and reconstruction already in progress in most States and at the Centre, embarked upon with the setting up of representative Governments alive to their responsibilities to the people. But it is only the co-ordination and occasionally extension that the Planning Commission introduced which imparted a social purpose to the plan.

There is a danger that if the next Plan stands for building from below it may also suffer from the same defect, namely, the lack of a definite social purpose animating it. Proposals will be put forward by districts and subsequently by States which though acceptable in themselves do not constitute a coherent pattern. They may not be inspired by a set of well-defined principles. A plan so constructed may be capable of being worked out, it may even be fitted into a well-phased programme. It cannot, however, constitute social planning. The first desideratum today, therefore, is to enunciate those principles which must inform the enitre plan, lest the national effort that goes towards the execution of the plan, fail in its purpose.

The ground has been cleared, to a considerable extent, by the debate that took place recently in Parliament on the subject of the economic situation in the country. The aim

that must govern all national effort, it has been recognized, is full employment, greater production and better distribution. In securing that aim we have to proceed along democratic lines, through the pursuit of methods that are consistent with the safeguarding of our fundamental rights. It is only then that we shall be in a position to replace the present social order by a casteless, classless, socialist society, the establishment of which becomes, Parliament has declared, our main task.

This declaration has far-reaching implications which cannot be lost sight of in the actual process of planning our programme of economic development. In the first place, it has to be recognized that production *per se* is not an end. Increase of production has necessarily to be planned for in a manner which is in harmony with the second object of increasing the volume of employment and which can be achieved without detriment to the third object of securing better distribution. In the debate in Parliament, the aspect that first claimed attention was that of unemployment. As it is full employment that planning has to provide for, in any consideration of this subject what we have to take into account is not the numbers who are wholly unemployed but the still larger numbers who are only partially employed, employed casually, intermittently, occasionally, for parts of the day or in certain parts of the year.

In his *Planned Economy for India* published in 1934, Shri M. Vishvesvaraya mentioned 4 to 5 crores as the number of persons who were unemployed and 15 lakhs as the number of the educated unemployed. At that time, there were hardly any reliable figures available on the basis of which an accurate estimate could be made. With the aid of the statistics now available in the Census of 1951 and other investigations and surveys it is possible to frame some approximate estimate of those who are without employment. However, it is, still, a little difficult to

assess the volume of under-employment, disguised or open, that prevails both in rural and in urban areas, in agriculture and in small scale enterprises.

In the course of his recent speech in Parliament, Shri C. D. Deshmukh gave no exact estimates either of the unemployed or the under-employed, but dealt mainly with the numbers for whom employment had to be found during the period of the next Five Year Plan. Taking the working force as 15 crores, he assumed that roughly the proportion of those who were not in employment and for whom employment had to be found as 10 per cent. Thus nearly a crore and a half of people were available for absorption in new lines. Provision had also to be made for the 18 lakhs of persons, who according to present calculations would be added annually to the employable population. Over a ten-year period work would have to be found, according to Shri Deshmukh, for 2.4 crores of persons, and in the second five-year period for 1.2 crores.

These are by themselves stupendous figures. The annual increase in employment to be provided for would be 24 lakhs which is nearly as much as the total number of employees in all the factory industries put together. But there is an element of underestimating involved in these calculations. To the increase of 90 lakhs in the class of employables occurring through the normal growth of population in five years has to be added half the number of those for whom jobs have to be found in urban occupations, that is 75 lakhs. So, for the first five-year period, additional non-agricultural employment has to be found not for 1.2 crore persons but for 1.65 crore persons or 33 lakhs per year. Besides, these figures take no account of the unemployment and under-employment that prevail in the field of agriculture.

In the memorandum that the All-India Khadi and Village Industries Board submitted for consideration to the

All-India Conference of State Boards and Constructive Workers, the number of persons who were unemployed was shown, according to calculations, to be 12 crores. According to the National Income Committee the working force as obtained from the Census is 14.32 crores. The remainder of the population, namely, 21-34 crores represents the non-earning dependents of all ages among the agricultural and non-agricultural classes. Assuming 30 per cent of these to be employable, we get the figure of 6.4 crores as the persons for whom employment has to be found. This will be exclusive altogether of the additional numbers, 18 lakhs in round figures, who will knock at our doors for employment every year.

An estimate of the capital resources required for providing work for these large numbers was given by Shri Deshmukh in his speech, which shows that the outlay involved would be immense, compared to the resources the country has at its disposal. What the magnitude of the expansion of industries of the organized large scale variety could be, may be left for conjecture as also the form of production the output of which could find markets within or without the country. But an examination of the figures —the numbers to be put to work and the capital resources required—makes it clear that along the lines of this form of industrialization does not lie any solution of the problems of full employment. In fact, if there is any increase in the production of consumers goods which are at present being turned out by cottage including village industries or which were or can be manufactured then the result will be the reverse of what is intended. Instead of finding new jobs for people either large numbers will be displaced from their present jobs or the possibility of securing increased employment through the expansion of these industries will vanish for ever.

It is for this reason that during the past ten to fifteen

years demands have been voiced for the placing of restrictions on the operations of large-scale organized industries which impinge upon the smooth working of cottage industries, from the broad standpoint of national economy. The Rural and Cottage Industries Committee of the National Planning Committee first put forward this point of view in general terms. The Fact Finding Committee (Handloom and Mills) urged the reservation of certain lines of production for the handloom industry. Later, came a similar demand by the Economic Committee of the Congress. The principle has, subsequently, been accepted by the Government of India, first, in relation to the handloom weaving industry. Restrictions have been placed on the production of certain types of textile goods by textile mills and a wider field has been opened out for the cottage industry. For the benefit of the cottage handloom and handspinning industry a cess has been imposed on the products of the large-scale organized textile industry. There is differentiation already in operation in the matter of the central excise duties on the match industry, the soap industry, the boots and shoes industry, the differentiation being either to grant a rebate to the small-sized units, or to exempt them from duty or to reduce in their favour the scale of duty. While for certain forms of production such as rice shelling mills, there may have to be a complete ban, for some the policy may be to disallow expansion, and for others the delimitation of spheres of production. Where price differentials are small or for securing resources as the Planning Commission visualized, there would be justification for the imposition of a cess on an organized large-scale industry in the interest of the corresponding cottage or village industry.

The purpose of such regulatory action is to afford protection to that sector of our economy, consisting of self-employed persons, which even in the field of industries contributes considerably, in the aggregate, to the national

income. The individual contribution undoubtedly is small, because there is a vast volume of under-employment, no work for days and months and not enough work even for a full day. Besides, the individual self-employed person suffers most from the impact of machine-made goods on his production; the force of competition is reflected directly in the lowering of his earnings. Lastly, the resources of the isolated individuals, small as they are, get depleted under the stress of competition. Hence, it is from exploitation in all forms that the self-employed industrial worker has to be saved, it is his productive capacity that has to be stimulated if we are to check the growth of unemployment and devise or adopt a form of productive endeavour which ensures, simultaneously, increase both of employment and production.

In public discussions on production it is often assumed that it is non-acceptance of technological advance that keeps the scale of production in cottage industries static. It is not the limitations of manual power or the capacity of animals to bear burdens that ordinarily set a limit to any increase in productivity. Often it is lack of resources in the shape of easy access to raw materials or for employing new or improved tools and implements that keeps down not only the quantum of production but its pace. The incentive for progress also is absent in the face of powerful competition — the struggle between the dwarf and the giant; and besides, the slender resources of most individuals and the meagre facilities for credit that they can enjoy, make it impossible for them, even if they wish to do so, to adopt new techniques. The counterpart of the policy of regulation and protection is hence the pursuit of an active programme of providing organizational, technical and financial aids.

Such aids can be most suitably provided through the organization of the self-employed artisans, handi-craftsmen

and other manual workers in co-operative societies. It is not enough if production is increased and alongside of it employment expands. The economic pattern of the future, it is postulated, should be such as does not give rise to exploitation. On the contrary, it should carry us along the road to a classless society. The co-operative form of organization with its democratic structure can ensure, in the first place, that the economic activity is carried under the control of the participants and for their common interest. The replacement of the motive of profit by the motive of service brings the economic enterprise in harmony with the interests of the community in general. But for the resourceless individuals who constitute, or will do so in future, the membership of the societies, to progress towards self-sufficiency without external help in the initial stages will be a superhuman task. Self-help has thus to be rendered effective through State aid.

Lastly, a word about technological progress and the use of mechanical power. The use of electricity has often been advocated as the principal means for the development of cottage industries. Supply of electricity we shall have in abundant measure, and it may be that power will be available on terms which compare favourably with the rates charged for existing supplies in rural areas. Even if that is the case, the use of electricity will be mostly beyond the capacity of the average worker in cottage industries by reason both of the initial outlay involved on equipment and the price paid for the supply. Besides, the question of the extension of the use of electricity for cottage workers has to be judged by the application of two crucial tests. Will the extension of electricity give greater scope for the exploitation of a man's labour by another man than is possible under the present condition? If the answer is in the affirmative, it would be anti-social to encourage the introduction of electricity. The second—and even a most important—consideration is, will this displace labour or

may it have the effect of promoting increased employment by utilization of resources untapped with human effort? If the use of electricity aids in providing additional healthy employment it may well be welcome. But if it is likely to result in displacing labour now engaged in cottage industries, certainly it can claim no encouragement under the new order of things. Freedom from exploitation and growth of employment must rank higher in terms of social values than mere increase of productivity.

Harijan, 5-2-'55 V. L. Mehta

(2)

The Five Year Plan (F. Y. P.) is being commented upon in various ways and from different angles. It is all good and necessary, as it will help the planners to perfect it further and thus to make it more popular and implementable through people's co-operation.

One very vital point from which the F.Y.P. is attacked is that it does not aim at full employment but almost ignores it by considering it as secondary or unapproachable at present.

Another tactical mistake that it has made is that, while it acknowledged that "the techniques for planning link up directly with the basic approach that a community decides to adopt,...(and) the approach to be adopted in India has been defined in the Directive Principles of State policy laid down in the Constitution" (The first F. Y. P.—summary, p. 2), it did not take up these Directive Principles one by one and decide their priorities and plan targets for them, but cut almost a new line of its own which has only very indirect relation, if at all, with those Directive Principles. To say the least, this has meant an avoidable loss of the national sentiment that could have been easily rallied round the Plan. Most of the Directive Principles embody our national Constructive Programme which was

born of the urge for constructive work among the people, by the people and for the people, even under an alien rule. They were forged by ourselves under the leadership of the Father of the Nation. They therefore had in them an instinctive affinity with and appeal to the popular mind; rather many people naturally want to know what Swaraj will do now for these national constructive works. The F. Y. P. is suffering from a very great loss in allowing itself to let go this natural approach in favour of another, which therefore requires to be implanted in the popular mind and imagination.

However the Directives of the Constitution are there and they have to be fulfilled by the State. Let us not therefore allow ourselves to be deviating from them.

The crux of any planning worth the name is to secure maximum wellbeing of a community, which ultimately depends on the level of production and its just distribution that the community can achieve. And that level will naturally depend upon the extent and nature of employment that may be secured by that community. As we saw at the beginning, the F. Y. P. does not base itself on planning for full employment, but bases itself on the quantum of capital formation that can be expected during the next three or four years. It has therefore enunciated the following as the basis of its work:

> "The level of production and the material wellbeing of a community mainly depend upon the stock of capital at its disposal—the amount of land *per capita*, and of productive equipment in the shape of factories, locomotives, machinery, irrigation facilities, power installations and communications." (F. Y. P. summary, p. 2)

This has exposed it to a very natural question whether the expectations regarding capital formation will come true or no. We can form the required quantum of capital by our

national savings or by borrowing from money markets here or outside. Such a way of planning for the people makes the F. Y. P. still more a business of experts and Government officials rather than of the common people. This is not to blame anybody, but to see for ourselves the real position, so that we may be better able to improve it.

The main thing necessary to be done forthwith in our country is to secure full employment for our starving millions. It is the topmost priority. It was therefore that Gandhiji said, as the basis of his Sarvodaya economics, that labour also is capital and the quickest way to stabilize our economy and make it expanding also is to find ways and means to employ fully here and now all available labour in our villages which are the real cultural and economic units of our country. This is the core of our problem in planning, which we cannot allow ourselves to forget or bypass in any way.

The F. Y. P., in its own way, has acknowledged it and incorporated in itself an idea of Community Projects for our villages, although they also do not base themselves on the requirement of full employment of the villages. We therefore require a plan basing itself on this and to actually work it out as an experiment. I have before me a copy of such a plan published by the Gandhi Smarak Nidhi (5, Mansingh Road) New Delhi, ("Full Employment Plan of a Village"—'being an outline plan for Vedchhi Village, Bardoli Tahsil, on Sarvodaya ideals'.) As the title shows, it deals with one village and presents a model which can be followed if it is worked out and found successful. It is based on the need of full employment of our villages and on the principle that labour also is capital, and if that capital can be pooled it will not only fulfil the need of money capital for a plan but also automatically secure to the plan people's enthusiasm and co-operation which are the prerequisites of success in planning. This way only can we expect the villages to change by themselves to a new level of life and

labour. Such a change cannot be a mechanical thing to be brought about by any change of mechanical devices of scientific technique, though they may be useful secondarily and in their own limited manner. With this as introductory remarks the main conclusions of "The Full Employment Plan for a Village" are summarized in the next few chapters.

Harijan, 7-2-'53

II

VILLAGE DEVELOPMENT—A PLANNING MOVEMENT

Planning for Economic Freedom

We have reached a stage when village development cannot be attempted by piecemeal or token activities. The development programme has now to aim at complete economic freedom for the village masses, providing them with minimum standards of life. The first thing for the villages to do to achieve this objective is to take the initiative of shaping their life out of their resources. They will have to control all sources of waste and exploitation which they can do only by pooling resources and by functioning as organized groups. In other words, village communities will have to set before them the task of planning for the best possible use of their resources for the attainment of higher standards of life.

Stopping Waste and Exploitation

The village communities can undertake planning as indicated above on the basis of political and economic decentralization. Through political decentralization, Gram Panchayats can be empowered to be self-governing units within certain limits and can mobilize resources within their jurisdiction to the best advantage. They can, for

example, put a stop to waste which means misuse or non-use or underuse of resources and takes various forms such as (1) waste of man and animal power; (2) waste of water resources; (3) waste of manurial resources; (4) soil erosion; (5) uncultivated lands. They can also influence public finance policies which draw funds from rural areas and spend largely on towns and cities. Economic decentralization can stop exploitation of rural areas which takes such forms as (1) unremunerative prices of agricultural produce; (2) unfavourable balance of trade arising out of the exchange of low priced raw materials for high priced finished goods and the consequent loss of processing cost to the villages. Decentralization, both political and economic, which is a distinguishing feature of Sarvodaya, is capable of building up a prosperous life for the village communities.

Restating the Proposition

Even though Sarvodaya is thus capable of enriching the life of the village masses, they do not seem to put forth any irresistible demand for its establishment. In political sphere, village communities do appreciate and aspire for the decentralization of power. It is in the economic sphere, however, that they have yet to appreciate the benefits of decentralization. If the programme of economic decentralization has not so far impressed them, it is not because of its inherent weakness but because of its unco-ordinated presentation.

In the first place, the masses have been allowed to form an unfortunate impression about the Sarvodaya order of society as promising a hard life full of drudgery, through the non-use of scientific achievements. Secondly, the Sarvodaya Programme could up to now be presented to the people only in the form of token activities which could neither produce any appreciable change for the better in the life and conditions of the people nor could they present a

picture of life emerging out of a co-ordinated plan. Unco-ordinated items could only expose their weak points. It is only an integrated approach making for a total programme that can give legitimate places to items which could then contribute to the total prosperity of a group. It is thus a question of restating the proposition of Sarvodaya in a form which can be appreciated by the masses and in which they see their *udaya*—prosperity. The best way to do this is to make the masses realize that Sarvodaya is not a mere pious programme but the only one capable of building up a prosperous life for them in a most orderly manner. To this end, some definite and concrete basis of the programme will have to be defined and the whole edifice built upon it so as to demonstrate the practicability and the utility of such a programme.

The Basis of the Programme

The following Directive Principles of the Constitution can well be made the basis of this programme:

The State shall direct its policies towards securing—

(i) that the citizens, men and women equally, have the right to an adequate means of livelihood;

(ii) that the ownership and control of the material resources of the community are so distributed as best to subserve the common good;

(iii) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment; and

(iv) the State shall endeavour to secure, by suitable legislation or economic organization or in any other way, to all workers, agricultural, industrial or otherwise, work, a living wage, conditions of work ensuring a decent standard of life and full enjoyment of leisure and social and cultural opportunities and in particular, the State shall endea-

vour to promote cottage industries on an individual or co-operative basis in rural areas.

J. Patel

[The following Directives also should be included in the programme. It must be noted that the development programme is meant to be for *samagra* Gram Seva; it should touch the whole life of the village community. Hence the Directive Principles regarding Prohibition, Basic Education, Go-Seva also must be made the basis of the Plan.

Harijan, 14-2-'53 M. P.]

III

CASE FOR VILLAGE INDUSTRIES

(1)

The Old Organization

This leads us to the examination of the case for village industries. What are the factors responsible for the apathy even of the village masses towards the programme of village industries? The main reason is the breakdown of the village community organizations which functioned like self-sufficient units. These organizations were based on mutual exchange of goods and services and made for internal circulation of purchasing power. In a sense, therefore, the interests of the producers and the consumers were identical and fixation of prices at a higher or a lower level did not matter much because of this mutuality or identity of interests. Thus, if a potter sells his pots to the *Chamar* at a higher price and buys shoes from him also at a higher price, neither of them stands to gain or lose. That was the relationship between different sets of people within the group and so long as this relationship continued, the price of village industries products was not much of a problem. The problem has been created since this relationship was

disturbed by centralized methods of production and distribution. Centralized factories have taken away the shoe-making industry of the village shoe-maker; it does not profit him to buy costly pots from the potter from whom he expects no return by way of purchase of shoes from him. Centralized factories have thus, one by one, destroyed the mutual links existing between different sections of the village and have thrived at the cost of them all. By taking away the processing industries from the villages, factories have reduced their purchasing power to such a low level that even their so-called cheap articles hardly find sufficient market in the rural areas. That is why centralized production often provides the spectacle of poverty in the midst of plenty.

The New Organization

It follows, therefore, that village industries can prosper only on the basis of mutual exchange within a group. The establishment of this mutual exchange thus becomes the central problem. Because of the disturbing factor in the form of centralized production, this problem may not be easy of solution; but being basically sound, it should not present insuperable difficulties. The village organization can be remodelled to suit the changed conditions of the time. It can hardly function now in the form of a loose organization allowing individuals to work on the basis of *laissez-faire*. To be able to survive the onslaughts of centralized production and distribution, it has to function as one compact unit. But how is the unit to enjoy the loyalty of its members? This is the real crux of the whole problem upon the solution of which depends the future of village industries and indeed of village prosperity.

To the extent to which processing industries add to the net earnings of a village by retaining the processing cost locally, the village organization as a whole stands to gain. The organization will be able to command loyalty of its

members to the degree to which it is able to reconcile individual interests with group interests in one form or the other. A formula may have to be evolved by which certain services to be rendered by the organization can be availed of by individuals on fulfilment of certain obligations to it. It may be envisaged that the village organization will have to create social services from the point of view of increasing amenities in the village and of bringing about divisions of functions so as to relieve certain sections of the community, particularly women, of their present drudgery. Such services may be conceived as maintaining flour grinding, bullock *chakkis* or power *chakkis*, carding machines, bullock carts for home delivery of water or for removal of cow-dung and other refuse from individual houses to common manure pits and so on. Coupons for getting services in these respects at nominal cost can be issued to those who confine their purchases and sales to the village co-operative store which acts as a clearing house both for the raw materials as well as the finished goods of the village. Through the Labour Bank to which reference is made later, the village organization can also arrange for exchange of goods and services on barter. Two classes of people in the village are, however, likely to prove indifferent to the organization, namely, the merchant and the other well-to-do persons. The merchant may be interested in becoming a commission agent of the centralized factories both for raw materials and finished goods, irrespective of the interests of the village as a whole. It may become necessary in such cases to socialize the commerce of the village and entrust it to the village co-operative society. The well-to-do few of the village who may be fattening themselves at the expense of the poorer sections of the community may have to be cornered through regulating the supply of labour to them through the mechanism of the Labour Bank. If confronted with a situation in which they can hire labour on certain conditions, they may find it of advantage to adopt the

procedure evolved by the village organization. If the village community adopts the objective of full employment and full standard of life for its members, the recalcitrants can be made to see that they cannot prosper by following anti-social policies.

Harijan, 21-2-'53 J. Patel

(2)

In India, the main problem today is to provide fuller employment to the millions of unemployed and the under-employed. We have, therefore, to patronize 'labour-absorbing' rather than 'labour-saving' machines for the promotion of decentralized industries. Insistence on mere 'mechanical efficiency' will not be very helpful under the existing circumstances; we have to plan for 'economic efficiency' in the larger sense of the term. We are confident that the Khadi and Village Industries Board would devote their energy to this aspect of the problem with an open mind. Although it is difficult for village industries to compete with large-scale industries under the existing economic set-up, the difference between the costs of production of the two categories could be considerably reduced if the fruits of scientific research and inventions were more fully utilized by the promoters of village and cottage industries. It is the duty of the Government Technical Institutes and Engineering Colleges to concentrate on research for the benefit of small-scale and cottage industries so that such decentralized manufacturing processes may enable the village artisans to become self-sufficient and strong without the need for any artificial props in the form of State subsidies. The objective of Khadi and village industries ought to be maximum employment plus maximum production at the cheapest cost. Efficiency at the cost of employment would be socially ruinous, whereas mere employment at the cost of efficiency will be economically disastrous. We have to

balance the advantages of both for the welfare and prosperity of the millions to whom God manifests Himself only in the form of bread or "a bowl of rice".

There is one more aspect of the problem which deserves our serious and rational consideration. We often hear from the people that cottage and village industries cannot be patronized because they are costlier than mill-made goods. This argument is not only fallacious but also mischievous. No country in the world today which claims to be civilized and progressive can afford to allow the unemployed to be on the streets without any provision for food and shelter. In the West, the registered unemployed are entitled to receive 'doles' for their maintenance. Such allowances are deemed to be absolutely essential for maintaining social, economic and even political equilibrium. In West Germany I found that the employed persons had to pay about 25 per cent 'Unemployment Tax' for the maintenance of their less fortunate brethren. This tax is paid by the persons concerned ungrudgingly as a necessary social obligation. It is, therefore, not very desirable, from the psychological point of view, to be paid 'doles' without any regular work. Unemployment is not only an economic evil but also a moral and mental problem. It is, therefore, better to provide for work even though with cruder instruments of production rather than to grant 'doles' for no work owing to a craze for mechanical advancement and so-called progress. The use of less efficient technology will mean higher cost of production from the standpoint of a pure economist. But if we consider the social costs as well, village industries would be ultimately cheaper from an overall point of view. The higher price that is paid for cottage products should be regarded by the consumers as a sort of voluntary 'unemployment tax' which has the merit of elasticity in accordance with the ability of the consumer to pay. Such a tax fulfils almost all the canons of taxation, i.e., certainty, ability, convenience and equity. By paying a

higher price for rural crafts we combine utility with charity. In our country, secret charity (*gupta-dan*) is regarded as very noble. We can, certainly, practise this virtue by patronizing the village and small-scale industries, for while we gladly pay for providing employment to our fellow-citizens we have no chance of exhibiting our righteousness before the beneficiaries. Viewed from this standpoint, the argument of higher prices in the case of cottage products betrays not only ignorance but also lack of civic sense.

Lastly, let us also understand very clearly that a comprehensive programme of development for village industries in India, or for that matter in any country, cannot be carried through without considerably affecting the existing large-scale industries. If we desire to revitalize the cottage and small-scale industries without in any way touching the corresponding mill manufacturers, we shall be indulging in self-deception and economic jugglery. While we recognize that there is no inherent conflict between small-scale and large-scale industries, the full development of village industries at this stage of our economic progress would surely come in the way of indiscriminate expansion of Big Business. Let there be no mincing of matters; the far-reaching implications of the problem of providing full employment through decentralized production must be faced by us boldly and intelligently. Large-scale industries in the form of basic or key enterprises are essential for every country, although they should be State-owned; but large-scale industries producing consumer goods like cloth, oil, polished rice, sugar etc. should be prepared to curtail their scope and expansion in the larger interests of the country.

Harijan, 28-2-'53 S. N. Agarwal

IV

LABOUR BANK

Assessment of Resources

The technique of execution lies in adopting an educative process by which village people come to understand an overall picture of their resources in man and material, and the way in which the man-power can be equated with the material resources so as to achieve the objective of full employment and full standard of life. For this purpose, a survey will have to be carried out for the preparation of a production plan laying down physical targets. The final achievement of these targets may be possible when the full co-operation of the Government is also available, but what is to be emphasized is to bring into bold relief the impediments either of the villagers' making or otherwise coming in the way of fulfilment of these targets.

Labour Bank

The Labour Bank idea is very vital to the future development of the country. Planning for the Labour Bank will be in the same category as planning done by our social leaders in regard to the artisan's relationship with the agriculturists in the villages. By capitalizing man-power it opens up vast potentialities for increasing production. It will build up a system of utilizing the surplus man-power for production purposes or public utilities. The very idea of a bank suggests that utilization of man-power will be made in a business-like manner. Here people can deposit their labour in terms of so many hours or can also borrow in a similar way. The bank will have to provide incentives to people to put in their spare labour through it in a suitable manner. It must be capable of utilizing all such labour offered to it. In fact the bank should make yearly budgets of the surplus man-power on the credit side and projects on the debit side.

Thus the bank will establish two things:

(i) It will enable the execution of plans for increasing wealth production mainly through the utilization of the surplus man-power without much depending on finances.

(ii) It will evolve a method of utilization of man-power in a most advantageous way. As noted above, man-power is to be equated with the material resources for which assessment of both is necessary. Every able-bodied person in a village should work for 2,400 hours a year at the rate of 8 hours a day for 300 working days. From an intensive survey of each family in the village, the total man-hours available and utilized will have to be ascertained and development programmes formulated, indicating the extent to which surplus man-power will be absorbed in each item.

Programme for a Labour Bank

Three categories of programmes will have to be conceived:

(i) Public utility programmes which are non-productive such as roads, drinking water wells, recreation grounds, public buildings etc.

(ii) Public programmes which are productive, such as irrigation tanks, cow-dung gas plant etc.

(iii) Programmes of individual interests.

If these development programmes are to be carried out on the strength of surplus man-power in the villages without much dependence on finances, payment of wages will have to be split up into two parts. Part of the wage covering food for the working day will have to be immediately paid in the form of cooked food or grains, preferably the former. The balance of the wage will be credited to the accounts of persons depositing labour to be paid at the convenience of the borrower. Provision of enough food to cover non-productive public utility programmes which will be expected to provide only food part of the wage will have to be

pre-arranged. The survey should work out details along these lines.

While formulating the programme for the Labour Bank, the following considerations may be kept in view:

1. While there should be full provision of work for the whole working population, no section of the population should be overworked. This may mean a redistribution of some activities and lightening of the burden and drudgery of the women who may be overworked today. The employment plan should provide enough leisure for cultural development.

2. The aptitude and capacity of individuals having spare time at their disposal must be taken into account and a regular plan of work kept ready to utilize this extra labour.

3. To start with, the prevailing standards of values should be followed in regard to the payment of wages to different classes of workers. An attempt may be made to introduce a sort of Labour Currency and exchange values between goods and services may be fixed.

4. The employment plan may be formulated on the basis of rationalization of agriculture which will throw out surplus population from agriculture.

5. In addition to the present demands and requirements of the rural population new demands will have to be created in the light of the new social and cultural values.

6. A class of public workers will have to be created for village development programmes.

7. The enquiry should not merely be fact-finding but should be educative and suggestive. The following is a list of such suggestive activities:

A. For Women

(i) *Education*: (a) *Balawadi* (Infant School) and

(b) classes for women for subjects such as dietetics, cooking, washing clothes, kitchen gardening, house decoration etc.

(ii) *Industries*: such as knitting, tailoring, food preparations, toy-making, ovens, flour-grinding, paddy-husking, spinning and weaving, bakery, confectionary and canteen. (This unit will be very necessary for meeting demands created by the development programmes.)

B. For Children

(i) *Public Utilities*: such as tree plantation, preparation and maintenance of playgrounds and gardens etc.

(ii) *Industries*: Spinning, weaving, pottery works, house-building etc.

C. For Men

(i) *Public Workers*:

(a) *Public Works*: such as roads and building construction, drainage and small irrigation works, well-digging etc.

(b) *Management of Public Institutions*: Labour Bank, village godown, village shop, village hospital, night classes, maintenance of farm and village accounts and statistics and managing crop and property protection society etc.

(ii) *Kisans*: Land development, pasture land development, manure making, dairy development, and spare-time occupations.

(iii) *Artisans*: House-building, processing industries such as oil-pressing, paddy-husking, flour-grinding etc., soap, paint and warnish making, weaving, dyeing and printing, cutlery, flaying dead cattle, tanning and leather works, cloth production, button-making, furniture, utensils and tools, umbrella, painting and frame-making, door curtains, floor coverings, mattings, cart making, pottery, match and paper making.

The importance of the Labour Bank will be realized if the implications of the plans for increasing wealth production conceived in terms of financial resources are understood. We can illustrate here one or two of them:

(1) *Production sacrificed*: The Five-Year Plan put forth by the Planning Commission provides for an expenditure of Rs. 1,800 crores, which comes to Rs. 10 per head per year for a population of 36 crores. At the wage rate of a rupee a day, it comes to the utilization of 10 man-days in a year for the whole population, of 20 *man-days in a year for* the working population. On the other hand, if the plan is labour-intensive, man-days can be utilized many times that utilized under the capital-intensive plan. That way, production will also be considerably increased. Thus on the face of it, the capital-intensive plan sacrifices production. To say that maximum production and full employment are competing objectives is but a travesty of facts.

(2) *Less scope for village industries*: When plans are capital-intensive capital formation on a very big scale becomes central. Capital formation envisages savings. That is to say, at a given purchasing power the cost of consumption should be the lowest. This has significance with reference to village industries. Because village industries products are costlier than mill products, the argument runs, they are likely to reduce savings and, therefore, adversely affect capital formation. The argument, however, is totally misconceived. In the conditions of our country, labour-intensive plans will produce more goods than capital-intensive ones, and, therefore, reduce the real prices of goods or, in other words, promote more savings.

J. Patel

Harijan, 28-2-'53

V

FULL EMPLOYMENT

Building up Village Leadership

One outstanding gain to be derived from reorganizing village life, as indicated in previous instalments, is that it will build up village leadership. Today, wealth and talent are drained from villages to cities and villages are left without leadership, a factor greatly responsible for the stagnation of village life. The reorganization is likely to put a stop to this drain and provide opportunities for local talents through public institutions and gainful occupations in the form of village industries. The reorganization providing opportunities for development on a wider basis will also change social values which are today of a negative character based on rigid caste rules. The village development programme as envisaged here, is thus bound to develop as a socio-economic programme aiming not merely at greater material wellbeing but also establishing a casteless and classless social order based on moral values. The economic programme has been more fully dealt with here, because it provides the framework even for social values and facilitates social reform.

We have called village development a planning movement. A co-ordinated approach implied in planning does make for the best possible use of the resources, but in its wider aspect planning makes the masses move and releases their creative energy for productive purposes. It has, of course, to be emphasized that planning to be real has to be undertaken by the local people concerned, with the help and guidance of Grama Sevaks and experts. The Grama Sevak should keep this central idea in view and rather than preparing a plan for the people, he should set them on the task of making their own plan. Being vitally interested in local projects they will naturally take active part in framing and executing the plan.

Welfare Work *v.* Social Order

Should this be regarded as a tall order to be accomplished by the village people? Those with a morbid outlook depict a gloomy picture of the idleness and ignorance of the village people and hold that moral betterment should precede development programmes involving radical changes in the social structure. Moral betterment is to be achieved through welfare activities. These, however, keep the people dormant and expectant of help and benefits which are limited by the availability of outside resources and do not release their creative energy on the basis of self-help. Creative energy can only be released by a programme based on positive outlook and conceived in terms of a social order which guarantees full employment with a full standard of life and of providing a social framework which is capable of achieving the objective. The Gandhi Ghar Plan* prepared for Vedchhi envisages such a social order and provides a social framework in the form of the village working as a compact unit. By creating circumstances of which man is often a creature, the Gandhi Ghar Plan provides incentives to people to shed frustration and morbidity and to be up and doing.

Full Employment Not Possible?

There are people who suggest that provision of full employment to our masses is hardly feasible under conditions of our backward economy. We can only invite such people to study the Vedchhi Plan which promises to raise employment from 66% to about 100% within the very first year of its execution and to provide a decent standard of life in respect of diet, clothing, housing, education, health and other amenities.

The Theory of Unit Cost

The theory of unit cost which seems to dominate the minds of people requires to be examined in a proper setting,

*See the book, 'Full Employment Plan of a Village', Sec. II and III which deal with it.

viz., in fixing terms of work for the primary producer in the rural areas. On what terms does the nation want the farmer to produce food or raw material for it? If the issue is forced, minimum wages which can ensure a decent standard of life will have to be determined for the farmer and the farm labourers. But minimum wages presuppose full employment, which our agriculture today does not provide. This leaves two courses of action: either agriculture is rationalized and the surplus population is provided with other occupations or the population dependent on agriculture is given a minimum wage on the basis of the volume of employment that it affords at the present level. In the latter case the prices of agricultural produce will have to be sufficiently high. It is no longer possible to keep these prices residual as is the case today. This theory of residual prices for agricultural produce or for raw materials is going to be questioned very seriously. As in the case of manufactured goods, there will be persistent demand for relating the prices of agricultural produce to cost on the basis of minimum wages and, if the farmers get themselves sufficiently organized, there is no reason why they would not demand the right to determine the prices of their produce on their own terms. If then, minimum wage has to be provided to the farmer and the farm labourer, it can be done either by raising the price of the agricultural produce or by reducing the cost of production through diversion of surplus population to occupations other than agriculture. If village industries can fulfil the role of providing these other occupations they should be looked upon as a mode of production capable of filling in the gaps of a planned economy especially for rural areas. Thus the question of unit cost assumes quite a different form and a different significance. You either pay a higher unit cost for the agricultural produce or a higher unit cost for the village industries products.

Harijan, 7-3-'53

J. Patel

SECTION THREE

ORGANIZATION, METHOD AND MACHINERY

I

INTRODUCTION

Some thought is necessary about the nature of the method and the kind of organization or machinery that might be suitable and adequate for implementing a plan like the 'B.F.B.' described in Section One or a programme for the removal of unemployment like the one depicted in Section Two. This Section is meant to provoke constructive thoughts about this aspect of the question.

Both the Government, the A.-I. K. & V. I. Board, and non-official constructive workers, for example, those of the Bombay Sarvodaya Scheme or the Bhoodan movement, are trying their hands at experimenting to find out a practical way and a suitable machinery for it.

The idea of Gram-Raj or all-round village development is not new. Those old workers who fought India's battle for freedom know that in post-1934-35 years Gandhiji placed before the country his programme of village service through Khadi and home- and village- industries and said that there must be stationed a worker in every village or a suitable group of villages; he would try to rebuild the entire village life through the constructive programme. Through this programme villages will be made self-reliant and conscious of their rights and duties. On their basis will be built up a strong and united peaceful country and its State and Government. Gandhiji gave us such a vision of new India years ago, and had remarked in reply to a

question (vide *Harijan*, 8-2-'35) that "if Government understand the secret of my methods and give me complete co-operation in the work I am doing, I undertake to show miracles. I do not want financial co-operation, I want moral, enthusiastic endorsement from Government."*

At present we have our own Government; it has begun to function in this sector of our industrial development through the A.-I. K. & V. I Board. It is being helped by Government under their Five Year Plan, though it may be doubted by some whether they give "moral enthusiastic endorsement" to it in the way Gandhiji desired. Any way, the country has still to realize that vision or the dream† of Gandhiji and to work the miracle that he thought was possible that way. That way was the one of planning and organizing for basic national recovery, which can be done by 'building from below' only, at least so far as our country and its predominantly rural conditions are concerned.

II

PATTERNS OF SOCIAL SERVICE

(1)

When about five years ago the Government of Bombay initiated its Sarvodaya Scheme a constructive worker from Karnataka remarked, 'This is a scheme of *Government Sarvodaya*'. What he meant was, the policy of the Government was distinct from the Sarvodaya of Gandhiji's conception and would set up quiet a different pattern.

Gandhiji carried on his work through village workers who functioned on the inspiration of a sentiment and with faith. A life-like quality of certain inner feelings of the

*See his book 'Cent Per Cent Swadeshi', p. 43—"A-I. V. I. A.—What It Is".

†This word has reference to Gandhiji's article "India of My Dream" reproduced as Foreword to this book.

heart was, therefore, in evidence in Gandhiji's work. Government servants would carry on the work as any servants would usually do. It is obvious, their work would not show the quality which a village worker would generally bring to it. As a consequence, the whole pattern of their work would be different.

Another distinction may also be noticed. The village worker carries on his activities directly among the people. The Government servant does so within the limitations of the instructions given to him by his Department or the hierarchy of his superior officers. That is to say, he takes his orders from above. The officers on top or others do the thinking, out of which orders are issued and the work proceeds. This leads to a position where it is not possible to carry on the work keeping local peculiarities in view. The Government servant has no discretion to alter the orders he receives. It is not so in the case of the village worker. He has freedom and scope to act in keeping with the local conditions. He makes alterations and adjustments accordingly, in the programme of work given to him. Government machinery cannot allow such freedom to its servants. It would look to the quantity of the work done and proceed with the execution of its scheme. The distinction between the two leads to a vital difference in the actual execution of the programme.

Other points of difference can be indicated in the same manner. I believe the opinion of the Karnataki friend quoted in the beginning arises out of the difference between the two approaches illustrated above. One feels as if the very pattern of the work for Sarvodaya undergoes a change as a result!

Now, this distinction is very fundamental. It shows itself coming out in various other ways. Probing deeper into it one is inclined to conclude that the fundamental distinction is due to the difference between the original

sentiment and the inspiration of the popular worker on the one hand and that of the Government servant on the other.

Though the Government servant is called a 'public servant' his original inspiration is not a sentiment of service; he recruits for a professional job; and it is believed to be creditable for him if he does the work assigned to him 'impartially'. The usual experience, however, is that his prejudice or his sense of protest shows itself in the work he does. It is obvious that when he allows his personal prejudices or dislikes to get the better of him his work becomes a source of concern to the people. But this is very usual in Government departments. Government servants do not take to a particular type of work because they love it. They go wherever they are transferred and do the work they are asked and have to do. The position of a true public and popular servant is quite the reverse. It is expected of him that he loves his work and undertakes to do it with faith in it.

This is why the contact of the popular servant has one effect on the people and that of the Government servant quite another. The popular worker can educate and build up the capacity of the people by means of his work for them; the Government servant, at best, can only execute their work for them. If the Government servant were a good man, it would, of course, make a difference. On the other hand, if the popular servant lacked character, his work too would make a difference but of the other kind! What has been described above is, however, what would normally happen without taking into account variations due to individual peculiarities.

(2)

If we kept our eyes open we can see the effect the distinction is having in all manner of ways and in all places. Schemes of village development like Community Projects etc. have been initiated by the Central Government.

Finance for them is provided in the Five Year Plan. And it is intended, shortly, to extend them to all the villages in the country.

The Government of Bombay commenced the work of their Sarvodaya Scheme before the Central plan came into being. As its name indicates, its working was sought to be more or less on Gandhian lines. The Community Projects and the National Extension Scheme are also Government ventures. Their names, however, show that they were hardly intended to proceed on Gandhian lines.

This state of affairs has prompted some people to remark that there are two constructive programmes in operation in the country today—one, the old one of Gandhiji and now the other, the new one, of the projects etc. of Jawaharlalji. This is not all. The distinction indicated by the Karnataki friend has developed further. The experiment of the Central Government under the name 'Community Project' constitutes a different type in addition to the Bombay Government's Sarvodaya Scheme. Its execution, conception and consideration are carried on from the highest top, that is, by the Central Government and its machinery. This works for another and entirely new effect. Something written to me by a friend from the South in this connection is worth sharing with the reader here.

Gandhigram in the South near Madura is considered a centre for both the constructive activities,—the Gandhian as well as the C.P.A. A friend, Shri Douglas Emsinger of the Ford Foundation was on a visit to the Centre. A worker of the Centre, Shri Kaithan had taken notes of the remarks made by Shri Emsinger, which he passed on to me. I quote from them below:

> "It was two years ago here in Gandhigram that I discovered myself in India. Here I began to see clearly how the Gandhian Constructive Programme needed

the Community Project, and how the Community Project needed the Constructive Programme. It was here that for the first time I saw clearly how the Community Programme needed a spiritual basis. That might well be supplied by the Gandhian constructive workers. It was here that I saw more clearly than ever how a purpose for living needed to be given to the people.

"It is true that I knew something about Gandhiji and his philosophy before I came to India. I had learned this primarily through a religious education instructor who had been sent to India to meet Gandhiji and to get a spiritual understanding of life.

"I would like now to raise the question with you as to how Social Education fits into a Community Programme. It is the responsibility and opportunity of Social Education organizers to give the Community Programme a heart and soul. It is our duty to help the people to help themselves—to understand the full benefits of freedom—to give them a purpose to want to live better. It is for you to learn the spiritual basis necessary for the Community Project programme—to learn the meaning of 'Man does not live by bread alone'. It is this that I refer to when I speak of a spiritual basis. In the beginning the special emphasis on physical targets disturbed me. But I am glad this is changing.

"Gandhiji will be primarily known as one who brought freedom to India through non-violence. Nehru will be known as the one who built India into a political unity and brought the message of world peace through non-violence to other nations. May you be known as the individuals who give leadership to the rebuilding of new India through a joint effort with the people of India's 5,58,000 villages. Yours is essentially a programme of giving leadership and direction to the

process of social change—a recreation of a significant village culture. It is the rebuilding of each one of these units that will result in a New India. You have a challenge and an opportunity to make this unique contribution to India. May you take it up not as a job but as a *mission in life*."

It seems Shri Douglas Emsinger uttered these words before the recruits under training for jobs in the Government Community Project Scheme. He has seen and described the distinction we have been considering from quite a new angle. The principle behind his view is the same, however, as is stated above.

(3)

There is another instance also which will help us understand the distinction better. It is true Government servants are there to carry on the administration of work useful to the people; but training them for their special jobs is considered essential. And servants who perform various services are trained for the various purposes. For instance, training is given for labour jobs, community project jobs etc. In comparison with servants inspired with a spirit of service and faith who work on their own initiative, trained Government servants form a different class. The following illustration will help us perceive the difference.

Some time back a professor of the College of Social Sciences of the Maharaja Sayajirao University of Baroda made a statement to the effect that Gandhiji, Shri Ravishankar Vyas who is better known as Ravishankar Maharaj all over Gujarat and many others of the same class could not be called 'social workers'! The statement was the cause of a serious agitation in Baroda. If we take into account the distinction pointed out above, it would be obvious that these well-known eminent servants of the nation can hardly be called 'social workers' in the sense that they were trained by a University School of Social Sciences with

the purpose of filling certain jobs of the Government departments. Much less did people like the Mahatma or Maharaj study books written in foreign languages on those sciences; and they are certainly not Government servants or professional 'social workers'.

The secret of the distinction is that the method of work developed by Government machinery is so peculiar that the scheme of work as well as the main idea behind it cannot escape taking its colour. For this reason, like 'Government' Sarvodaya, social service is also becoming a 'Government' social service!

(4)

I will add another example to illustrate the point further. It throws light on the entire situation obtaining in our country at present. It was presented to the last Sarvodaya Workers' Conference at Puri by Shri Vinoba. He pointed to a type of non-violence which was described as 'Government' Ahimsa!*

Going to the root of the whole question one is led to the conclusion that an organization or machinery or institution is inevitably necessary to actually achieve some aim in society. It is, of course, true the organization will partake of the nature of the aim. But if the aim is collective an institution for its achievement has to be set up, because otherwise the work for it does not gather volume and speed, nor is it possible to carry it on in an orderly manner. But here the real difficulty enters. Just as when the spirit takes a body in order to be able to function, the latter is sure to bring in with it the *maya* of *avidya*; so also a mis-

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*This is what he had said on the occasion:

"The other thing is about Gandhiji's Ahimsa. Some of us have gone into Government, some others have remained out of it. The Government meaning of non-violence these days is to coerce society as little as possible. We believe this definition of non-violence is dangerous to non-violence itself."

sion or social truth has to create a machinery or organization for itself to be effective; but that also brings in its *maya* along with it. The *maya* of Government organization works in one way; the *maya* of a popular organization (if the work is undertaken by an individual he too brings in his own *maya*) works in quite another. If some person were to insist that he would not create an organization for his work it only means he is an institution by himself and does not wish to go further and that he adopts for himself a kind of self-control or a duty of renunciation. But his work is sure to suffer in volume and intensity to that extent.

Today when talk of achieving social aims by the power and will of the people is in the air the idea stated above deserves particular attention. Nor can it be ignored that the institution of the State is an embodied expression of the power and will of the people. And the State is necessary for healthy control in society. If it is believed to be an 'evil', it is a 'necessary evil'. The remedy to counter the evil lies in individuals controlling themselves out of a sense of self-imposed religious duty.

Harijan, 19-11-'55

III

THE SARVODAYA SCHEME OF BOMBAY

As one who was associated with the creation of Sarvodaya Centres in Bombay State, I would like to offer some observations on the analysis of the Sarvodaya Scheme of the Government of Bombay contained in the article on "Patterns of Social Service" published in the issue of the *Harijan* for 19th November.

In the first place, it is not any Government-conceived programme of Sarvodaya which was sought to be promoted by this experiment. The underlying objective of the scheme is set forth in the Budget Speech for 1948, an extract from which I give below:

"There is one recent development about our reconstruction programme to which I should like to refer here. 'The fulfilment of the constructive programme', Gandhiji often used to observe, 'is Swaraj.' Subscribing as they do to this conception of Gandhiji's, Government wish to incorporate in their plans of development some distinctive feature which would serve to bring into prominence the peculiar aspects of the constructive programme that appealed to Gandhiji. During the last few years, Gandhiji had come to believe that no individual part of his programme for improving the lot of the villager, such as the promotion of hand-spinning, the revival of other village industries, the welfare of Harijans, the protection of the cow, stood alone; it was essential that they should be all part of an integrated whole. Service of the village community, he held, should be service in all walks of life. The basis of Gandhiji's social philosophy was the good of all, 'Sarvodaya' as some have termed it. It is Government's desire to select for all-round intensive development—educational, social and economic—certain backward areas in the Province and treat these as concentrated areas. Each of these units will consist of a compact group of 30 to 50 villages with more or less homogeneous social and economic conditions in parts of the Province which are undeveloped and mostly peopled by the backward tribes or classes. The details of the plan have still to be worked out; but it is Government's intention to make a beginning with the work early next year. For this purpose, Government have decided to make available a sum of Rs. 1 crore to cover a period of four years from 1948-49."

Secondly, the scheme is not put in charge of officers of Government. Before the scheme was to be inaugurated, the Government of the day first applied their mind to the selection, in every District, of a Sanchalak drawn from the ranks

of social workers engaged in the pursuit of Gandhiji's constructive programme. It is the Sanchalak who had a determining voice in the appointment of his co-workers and in the drawing up of comprehensive programme of work.

No set pattern was recommended to the Sanchalaks to adopt. All that they were requested to do was to take a comprehensive view of their duty to promote socio-economic development in compact groups of 30 to 50 villages. The details of the programme were left to them to settle in consultation with local workers, so as to suit the special requirements of those whom they were expected to serve. The integrated programme was, so far as possible, to touch all the aspects of rural life: agricultural, cottage industries, education, health and hygiene, and, lastly, social amenities, recreation, and cultural activities.

The details of the schemes were, however, to be worked out by the Sanchalaks, these details to include the number and remuneration of the full-time workers to be engaged. There were, however, two or three limitations under which the programmes had to be executed. A ceiling of Rs. 1,00,000 was placed on the expenditure to be incurred in a year. During a year, expenditure could be incurred, subject to a certain amount of relaxation, only on approved schemes. Besides, there was provision for the periodical audit of accounts by Government through a staff working under the Registrar of Co-operative Societies. However, neither the Registrar nor the staff could interfere with the working of the schemes. But the schemes had necessarily to be got approved by the State Sarvodaya Committee, consisting, mainly, of Ministers of Government.

It may be that the pattern of working does not conform to what may be termed a Sarvodaya form of organization. I should like to point out, however, that it differs essentially, from the normal functioning of nation-building

activities undertaken by Government, as also from the new method or the new agency represented by the Community Development Projects and the National Extension Service Organization.

Harijan, 31-12-'55 V. L. Mehta

IV

THE ALL-INDIA KHADI AND VILLAGE INDUSTRIES BOARD

In his address which the Prime Minister, Shri Jawaharlalji gave while inaugurating the A-I. Khadi and Village Industries Board (briefly A-I. K. & V. I. B.), there are one or two very important things deserving our attention. Firstly, the Prime Minister admitted that a Board of the kind being instituted now ought to have been formed four years ago. If the Governments at the Centre and of the States had begun to attend to this work of Khadi and village industries immediately as we were free and with one policy and single-mindedness,—if this had been done, it would have meant a vast and desirable difference in the confusion of thought and conflicting policies and slow progress that are to be found at present. Moreover, we would have been less dazzled by the glamour of big industries and would have better realized what we should do by way of putting due limitations and control over them. At least, we would have realized earlier that the master-key to solve the problems of our economic regeneration is to be found in villages and through resuscitation of Khadi and small-scale village industries, and we would have been on our way to finding out ways and means for it. But it is no use crying over spilt milk. And it was in that spirit that the Prime Minister inaugurated the Board and said that, "in my own mind an idea is growing daily that the yardstick by which one can measure the economic progress of a country is the

extent of employment....Khadi and village industries have a great role to play in this sphere of solving unemployment....The issue, therefore, is not merely the advancement of the cause of Khadi and village industries. In it is involved the advancement of the cause of the nation and the wellbeing of the people. This should therefore be dovetailed into the general planning for the people as a whole."

The reader will probably say that this is nothing new. Gandhiji had said these things to us so often. This is true. And did he not tell us almost all that we were immediately required to do in this country for our wellbeing? There was no sphere of our national and social life, in which he did not enlighten us with his sage advice and suggesting effective programme. The question is, what we accepted and what we did about it all. Now the time has come when we should bestir ourselves with the added strength and resources of our own Government to implement that programme. What is significant therefore is that, even though late, we still remember it and that the Prime Minister of India places it before the country, which means that the progress and advancement of Khadi and village industries now become the concern of the State and a Board is being formed to look after them. We may well hope that the delay in the formation of the Board will be made good by brisk work and closer attention to it.

The question before us is, how to energize village industries so that they regain their self-reliant place in the village economy. There was a time when it was so. Foreign rule destroyed them in its own interest as also in that of the big industries that came to ply in our country. It was treason against the good of our common people. Our chief problem is to undo that.

The Five Year Plan has thought of this question

(Chap. 24) and has asked the A-I. K. & V. I. Board to take up the following ten village industries first:

The village oil industry, soap-making with neem oil, paddy husking, palm gur industry, gur and *khandsari*, leather, manufacture of woolen blankets, manufacture of hand-made paper, bee-keeping, and cottage match industry.

Over and above these there is of course Khadi mentioned as a separate and special item. This is because Khadi is the sun round which the planetary system of the village industries rotates. Once Khadi is in its own, it will surely lend its strength to all others.

It is necessary that this work of regenerating Khadi and village industries should be done in the interest of the villages. I am sorry that the Five Year Planners did not recognize the urgency and importance of this to the extent which it deserves. Otherwise they would have concentrated their plan on this chief problem of removing unemployment and poverty among our people. However they have accepted one thing, that it will be necessary to regulate and control production and expansion of large-scale industries, consistently with the needs of the village industries prospering in due manner, and to impose a cess on the former. And on the other hand it is felt necessary that village industries are assured of the supply of raw materials at economic rates and of their research and training. This is obvious, but there are difficulties in the way, which should surely be removed.

There are two difficulties: Firstly, owners of large-scale industries and factories will object to any regulation and control and to the imposition of cess; and they are doing so already. Their industries are today a part of the economic and financial machinery of the Government as well as the people. Any factor that may require it to change will obviously create disturbance during the transition and

hence might be a cause of their worry and irritation. However, inevitable as it is and in the wider interest of our people, these vested interests must learn to accommodate such an inevitability. If we think that in our national economy there is a place for large-scale as well as small-scale industries, it means that they cannot be competing in themselves, but should be complementary to one another and be dovetailed into a common pattern for the good of our people as a whole; and if at all there was competition to be found between them, it would be up to our large-scale industries and factories to appreciate and eliminate it of their own accord. But we know that this principle, obvious and true as it is, is not equally easy to execute. This is the first difficulty that our Governments and factory-owners have to surmount.

The second is the difficult task of finding out how to dovetail these two types of industries. What will be its plan and programme? Which are the industries that should be taken up? All this must be gone into in detail and a comprehensive plan for it must be presented before the country. This is the work of the A-I. K. & V. I. Board, and the people have to help it in this its great duty.

But has the Board adequate powers for it?—it may well be asked here. We may well rest assured in this matter that Government* will surely give necessary and sufficient powers to do the work entrusted by it to the Board; the work of the Board will demand it as it goes further and Government will surely do the needful in its own interest. The chief thing is that the Board does its work well and keeps in view the larger issues which it is called upon to solve. It must not forget that its work is of ushering in our

*As the reader probably knows, there is now instituted a Statutory Board for the purpose by an Act of Parliament.

Ed.

22-1-'57

land a new era by finding out and executing ways and means of employing the vast masses of our rural population in producing their own needs of food and cloth and other simple things of their daily household life, and thus of removing the curse of their poverty and unemployment. This is not merely economic, but it is a fundamental change in the reconstruction of our body politic.

Looking to the economic aspect of this work, we have to note that if full employment should be the only legitimate aim of any economic planning worth the name, then the work of planning for full employment is to be done by this Board. It is hoped, the Board will do its work keeping this larger view before it. If the Board does this, it will be the real Planning Commission of the people. It is said that another plan is to follow the first one now under implementation and on its basis. The nature of such a future plan will depend upon how the A-I. K. & V. I. Board functions and succeeds in its onerous duties. It will be the duty of all those who work for Khadi and village industries to help the Board with their advice and co-operation. The Board legitimately expects us all to give it. It is necessary to bring economic thought and attention to bear on this, rather than on other miscellaneous items of the F. Y. Plan, because therein lies the way to find out a true economic plan for India.

Harijan, 7-3-'53

V

MISSING ASPECT OF THE PLAN

Shri N. K. Bose, writing on "The Human Aspect in Planning" in the *Vigil*, June 4, 1955, notes that "it is in the fitness of things that more attention is being paid to the human factor in the second Five Year Plan". That is to say, it must not be allowed to be a mere economist's or a statistician's plan, but should touch our national life at its very base, which is the village life. Otherwise we might be misled to believe with Prof. Mahalnobis where he says that prohibition is impossible, maximum excise duty must be extracted from drug and drink; salt and such other essential goods should also be taxed, even by amending the Constitution, if necessary; etc. etc. Now it is obvious that these are opinions which are born of the idea that the F. Y. Plan is an economic matter mainly, if not exclusively. The new Plan must be saved from this lurking danger. Shri N. K. Bose in his above article points the danger in the following terms:

> "Although there is much inertia at the base level of our rural and social life which shows itself in obstructionalism or otherwise, it is necessary, if we want to get things done in the right way, that we should not try to bypass these difficulties by an abundant use of money, or by the exercise of authority from the top, but try to solve the real problem which happened to be at the human level itself. Unless that is done, life at the base can hardly be rebuilt until the present generation of Indians are laid in the grave and a new generation comes into being whose childhood days have been built up round River-Valley Projects, National Highways and Fertilizer Factories. Changes can be brought about by authority, but that tends to the concentration of power and eventually to totalitarianism. Changes can also be brought about in a

different way, through a stimulation and encouragement of initiative and authority at the base. That alone seems to be the way of democracy. Gandhiji's theory of decentralization was not merely for application in relation to the production and distribution of goods which men needed, but its keystone was the decentralization of authority. And if an economic plan succeeds without corresponding decentralization of power, if people at the base are left spiritually anaemic, what will it matter even if the standard of life is raised high? For it is not by bread alone that man lives; this being as much true in the political sphere as it is supposed to be true in the spiritual sphere of man's life."

Harijan, 23-7-'55

VI

RURAL CIVILIZATION FOR INDIA

[From Shri V. L. Mehta's Presidential Address delivered at the Rural Life Conference, on the 28th October, 1955.]

The various aspects of rural life have to be considered in relation to one another. It is not mere co-ordination that has to be attempted, but a synthesis. It is a synthetic approach that Mahatma Gandhi adopted when he put together the different social activities that he promoted in his constructive programme. It is appreciation of the same principle that is reflected in the decision of the planning authorities of the country to adopt the programme of Community Development Projects as the method and the National Extension Service as the agency for promoting all-round progress in the countryside. The Sarvodaya Centres of the Government of Bombay are inspired by the same trend of thought.

Without entering into details, I would observe that there are some factors that need consideration in planning

for rural India. In the Community Development Projects every effort is being made to secure the co-operation, if not the active participation, of the people in the activities carried on for their benefit. Often, however, the initiative comes from the Projects Administration and responsibility rests with officers connected with the Administration. Even at the risk of slowing down the pace of progress, I would urge that, at all stages and at all levels, it is the people's organizations that should be educated into taking the initiative and assuming responsibility. By people's organizations I do not mean merely *ad-hoc* committees or even statutory bodies such as Panchayats. To my mind voluntarily constituted bodies such as co-operative societies and social service agencies can contribute effectively to the task of building up, especially when, in order to be successful, the construction has to be from below.

A recent survey of our rural economic conditions discloses the fact that even where Panchayats and co-operative societies have settled down successfully to their tasks, benefit from their activities flows mainly to the more well-to-do sections of the rural community and that very often the poorer classes among whom may be included those belonging to the Scheduled Castes remain untouched by these activities. To what extent this results from the influence exercised by the better-off sections of society and in what degrees our caste system is responsible for this phenomenon, it is somewhat difficult to assess. But, if there is to evolve anything like a cohesive rural community, caste has to disappear. The observance of untouchability in some form is still not, we must admit, a relic of the past, especially in our village. Until caste goes, I cannot conceive of the total extinction of the distinction between "caste" and "outcaste".

Turning to altogether another topic, I would like to observe that, though I do not subscribe to the slogan "produce or perish", I do certainly take the view that there is

a bleak future before the country unless we can find productive work for the vast numbers who are today unemployed or under-employed.

In case we fail in this effort, the employment to be provided may have to be unproductive or unemployment relief will have to be afforded to vast numbers. This latter alternative has merely to be mentioned to be ruled out. So we are practically left with only one line of action, namely, to engage the unemployed or under-employed section of our rural population in industries. The state of imbalance between agriculture and industries has to be rectified without delay as a deliberate part of national policy. I would add here that the unregulated flow of people from villages to large towns that we witness today gives rise to slums and creates a number of social problems. In the interest of a healthy society this flow has to be checked. This can happen only if we provide suitable remunerative work for people in the countryside.

Industrialization in India, so far, has been lop-sided. It has displaced numbers of persons from their traditional employment without creating opportunities for the absorption of even an appreciable fraction of these in alternative employments. The potentiality of this form of industrialization to provide, in the future, employment for the huge numbers concerned is admittedly very limited. It is to the acceptance of this stark fact of our economic situation that may be attributed the value that is attached in the draft of the second Five Year Plan to the promotion of village and small-scale industries as an integral part of the Plan.

The acceptance of this view has a twofold implication. It will be the duty of the State, firstly, to make available the resources and the organization needed to help in the resuscitation and development of these industries and secondly, to ensure that, during the period of readjustment

and transformation, they are protected from the competitive influence exercised by the large-scale organized industries in the private sector.

Thus, it will be seen that in both the sectors of our rural economy, agricultural and industrial, we have to plan for a new social order. For some years, we spoke of the establishment of a co-operative commonwealth as being the goal of our national efforts. Today, we have begun to think in terms of a socialistic pattern of society as being our ideal. The two are not incompatible, because socialism does not connote merely nationalization. To my mind, in the context of rural economy, a co-operative commonwealth may well be the order of society towards which we should progress. The creation of a rural civilization for India was one of Mahatma Gandhiji's dreams.

Harijan, 19-11-'55

VII
MAN AND MACHINE

[From the summary of Shri Jawaharlal Nehru's recent speech appearing in *Bhavan's Journal*, Nov. 20, 1955.]

The world today has to find a balance between the God and the devil in the big machine, extricate the god-like qualities in it and not allow the devilish qualities to overcome us. We are living in an age of rapid change, in an age when enormous power is at the disposal of man. We cannot run away from the machine which is inevitable because only the machine can solve the problems of today. If we have to have the machine, then we must have the latest and best machines, technologically and otherwise.

But the machine is surely for the betterment of human beings. If by any chance, the machine, instead of bettering the lot of human beings, brings suffering and misery to

development and the capital outlay on each group at each stage and all the stages are shown below:

Stages of Programme

Annual expenditure groups Rs.	Average expenditure of the group Rs.	No. of families in the group Lakhs	Stage II		Stage III	
			I.R. per family Rs.	Total C.O. (crores) Rs.	I.R. per family Rs.	Total C.O. (crores) Rs.
0–600	300	163.2	300	489.6	600	979.2
600–1200	900	246.6	—	—	300	748.8
1200–1800	1500	168.8	—	—	—	—
1800–2400	2100	83.2	—	—	—	—
2400–3600	3000	76.0	—	—	—	—
Above 3600	—	59.2	—	—	—	—
Total capital outlay at each stage			—	489.6	—	1728.0

I. R.=Initial Rate per family
T. C. O.=Total Capital Outlay

Capital Outlay

As the table shows, the capital outlay increases from Rs. 490 crores during the first stage to about Rs. 3,990 crores during the last stage. The total outlay for the Plan is about 12,930 crores. This is a huge figure. Which means that

the programme may have to be spread out over a conveniently larger period of time.

The Development Programme

Stage IV		Stage V		Stage VI		Total (crores of Rs.)
I.R. per family Rs.	Total C.O. (crores) Rs.	I. R. per family Rs.	Total C.O. (crores) Rs.	I. R. per family Rs.	Total C.O. (crores) Rs.	
600	979.2	600	979.2	600	979.2	4406.4
600	1497.6	600	1497.6	600	1497.6	5241.6
300	506.4	600	1012.8	600	1012.8	2532.0
—	—	300	249.6	600	499.2	748.8
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	2983.2	—	3739.2	—	3988.8	12928.8

But the special point about the programme is that the bulk of the capital outlay will consist of production tools which are relatively simple in structure and easy of manufacture. Again, the programme aims at providing them and raw materials on a hire-purchase basis, reducing capital needs progressively.

As the B. F. B. Plan (para 62) says, "needs and means of the development programme move from a lower to a higher equilibrium, drawing the necessary momentum from the initial capital assistance from Government sources."

Organization

The progamme of development covers all families, urban and rural. For its efficient implementation a socio-economic survey will be necessary. And the form of organization capable of satisfying its functional requirements is a multi-purpose co-operative society.

Therefore, "the gradual establishment of such co-operatives to cover the entire country, their gradual expansion under specially trained and oriented constructive workers and the provision of adequate expertise through regional advisory councils to deal with the many problems that may arise, constitute the institutional framework of the Plan." (para 68).

The Government may have to aid this pattern of development by constituting regional advisory councils to assist, advise and guide these co-operatives. It may assist them by manufacturing necessary production tools and introducing technological changes in them. But its "largest and most vital responsibility is to help organize grids of various types, interlinking production and consumption centres of goods and services scattered over a country, and thus ensuring equal supply at all places."

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